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27 MARCH 1989



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# ***JPRS Report***

## **China**

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# China

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## CONTENTS

27 MARCH 1989

### INTERNATIONAL

#### GENERAL

International Situation Assessed [GUOJI ZHANWANG No 1]	1
New International Political Order Promoted [LIAOWANG No 3]	5

#### SOUTHEAST ASIA/PACIFIC

Analysis of South Asian Summit [LIAOWANG No 2]	6
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### POLITICAL

Liu Binyan Discusses Political Reform Freedom of Press [Hong Kong CHENG MING No 135]	9
Mao Zedong's Relationship With Personal Secretary Reported [Hong Kong CHAO LIU No 23]	11
Biographic Data for Mao Zedong's Daughter [Hong Kong CHAO LIU No 23]	16
China's Political Reform Viewed [Hong Kong CHIUSHIH NIENTAI No 227]	19
A Tortuous Road .....	19
Gao Fang on Reform .....	21
Octogenarian Wang Zhen's Career Capsulized [Hong Kong CHAO LIU No 23]	30
Wang Zhen Remembers General Tao Zhiyue [XINJIANG RIBAO 13 Jan]	34

### ECONOMIC

#### NATIONAL AFFAIRS, POLICY

Improving Economic Environment, Rectifying Economic Order [SHIJIE JINGJI DAOBAO 9 Jan]	46
More Self-Generation of Investment Funds Urged [JINGJI YU GUANLI YANJIU No 6]	49

#### SMALL-SCALE ENTERPRISES

Development of Small-Scale Enterprises Discussed [JINGJI CANKAO 2 Jan]	55
--	----

#### ECONOMIC ZONES

On Shenzhen's Enterprise System Reforms [SHENZHEN TEQU BAO 13 Jan]	58
--	----

### SOCIAL

Exploring Effect on Personal Value Systems of Different Societies [Hong Kong MINGPAO YUEKAN No 276]	59
Frustration of Chinese Intellectuals Discussed [Hong Kong CHENG MING No 135]	67

### REGIONAL

#### NORTHWEST REGION

Text of Resolution on Public Order for Xinjiang Autonomous Region [XINJIANG RIBAO 27 Dec]	71
--	----

### TAIWAN

Chang Chun-Hung's Perception of Taiwan-Mainland Relations [Hong Kong CHIUSHIH NIENTAI No 228]/[Hong Kong CHIUSHIH NIENTAI No 228]	72
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## GENERAL

### International Situation Assessed

40050236 Shanghai GUOJI ZHANWANG [WORLD OUTLOOK] in Chinese No 1, 1-15 Jan 89 pp 3-6

[Article by Chen Jimo 7115 0796 2021: "A Year of Dramatic Events"]

[Text] The turn in the course of events in 1988 has changed the postwar international situation. It has been a year which has brought more hope and a brighter future to the people of the world.

Not long after World War II, even before the ruins left by the war had been cleared away, the Cold War between East and West was ushered in by Churchill's Fulton Speech in 1946. In the latter part of the 1950's, the North Atlantic Treaty Organization [NATO] and the Warsaw Pact emerged as two heavily armed, major military blocs that confronted each other. It marked the beginning of the arms race between the two superpowers, a race which has been a nuclear arms race at the core. This arms race became more intense over the years, and today, the nuclear arsenal of the two sides is sufficient to destroy mankind many times over. For many years, people all over the world have lived in the shadow of the threat of a nuclear disaster. Although no war has broken out between East and West, the world has weathered the Berlin crisis, the Cuban crisis, and the Middle East crisis. The two superpowers, with their swords drawn and bows bent, had been on the verge of war, and the situation had been tense at one time. And meanwhile, regional wars have broken out continuously in different parts of the world. In the 1970's, for a while, East-West relationship showed a moderating trend. The United States and the Soviet Union signed two treaties limiting strategic nuclear weapons, but that did not prevent the nuclear arms race from escalating, and the moderating trend itself also ended with the Soviet invasion of Afghanistan. At the same time, for various reasons, regional conflicts also began to heat up and broaden in scope. This situation has begun to improve only in the last year or two. In 1987, the United States and the Soviet Union reached an agreement to destroy some intermediate-range nuclear missiles. It was a substantive achievement in the arms control negotiations; it signified the moderating trend in the U.S.-Soviet as well as East-West relationships. The moderating trend will continue to grow in 1989 and will cause a drastic change in the world situation.

Looking back, this year indeed has seen many important and positive developments in the international situation.

### Continued U.S.-Soviet Dialogue Promotes Further Moderation in East-West Relationship

Throughout the year, the U.S.-Soviet dialogue has continued. In late May and early June, Reagan went to Moscow to meet with Gorbachev. It was the fourth

U.S.-Soviet summit meeting since November of 1985. At this summit meeting, although the two sides only ratified the INF Treaty and signed some minor agreements on strengthening mutual trust and bilateral relations, with no new breakthrough in arms control, the fact that the two heads of states have been meeting so frequently indicates that dialogue has become a definite pattern. This in itself is very significant. After the summit meeting, both sides have proceeded to destroy their arsenal of intermediate-range missiles under the supervision of the other side. Negotiations to reduce strategic nuclear weapons and conventional weapons by 50 percent and to ban chemical weapons, among other issues, have made progress. In particular, Gorbachev has announced at the United Nations General Assembly that the Soviet Union will unilaterally cut 500,000 of its troops, drastically reduce its conventional weapons, remove some of its troops from the Federal Republic of Germany, Czechoslovakia, and Hungary, and most of its troops from Mongolia. Even though this does not reduce the overwhelming advantage the Warsaw Pact has over NATO in conventional forces, it nevertheless is a major development in U.S.-Soviet arms negotiations, and it will promote further moderation in East-West relationship, and world opinion has applauded the news.

The U.S.-Soviet moderation has given impetus to moderation in East-West relationship. Exchange between Eastern and Western Europe has been exceptionally active. In June of this year, the European Community (EC) and the Council of Mutual Economic Assistance (CEMA) signed an agreement to establish official relationship, ending their long-standing refusal to recognize each other. In September, the 24th Olympics was hosted by South Korea. Unlike the previous two Olympics, athletes from 160 nations and regions, including all the major countries, participated in this year's Games, making this the largest event in the history of the Olympic Games. This is another important indication of the moderating trend in the international situation. When serious earthquake struck Soviet Armenia, the United States, Western Europe, Japan, and even Israel all turned out to lend a helping hand, and this too reflects a change in the international macroclimate.

### In a Chain Reaction, Problems in the Hot-Point Regions Are Finding Political Solutions

Another important development in the international situation in 1988 has been the emergence, for the first time in the postwar era, of a chain of political solutions to settle the continuous regional disputes. The Soviet Union has begun its troop withdrawal from Afghanistan since 15 May. This is a major breakthrough in efforts to use political means to settle regional conflicts. Although hostility between the resistant forces and the government in Kabul remains, and war has not ended, and the Soviet withdrawal has been on-again, off-again, it appears that the Soviet troops will be completely withdrawn by the end of February as planned. A cease-fire is in effect for the 8-year old Iran-Iraq war. This is another important

development in the attempt to settle a regional conflict by political means. Although little or no progress has been made in the negotiations mediated by the UN secretary general, Iran and Iraq have adhered to UN Resolution 598, and there has been no new clashes. At the end of the year, good news has come from New York: after years of arduous negotiations, Angola, Cuba, and South Africa, with U.S. participation, have finally signed an agreement on the independence of Namibia and the Cuban withdrawal, ending the 13-year old war in southern Africa, and making it more likely that the wish for independence of the Namibian people will be granted. After the Soviets get out of Afghanistan, the Vietnamese invasion of Cambodia will become the focus of attention. Although Vietnam is still playing tricks and putting off its troop withdrawal and is trying to retain control over Cambodia after the withdrawal by controlling the Phnom Penh regime, all indications are that sooner or later Vietnam will be forced to withdraw, perhaps in a year or two, and prospects are good that the Cambodian issue can be resolved politically. The Middle East problem, the longest, the most complicated, and the most acute problem, has taken a turn for the better in recent days. The Palestinian Liberation Organization [PLO] has opted for peace talks and has accepted UN Resolutions 242, 338, and 181. In declaring the formation of the Palestinian State, the PLO has acknowledged the right of Isreal to exist, and together with the United States's decision to engage in dialogue with the PLO, they have brought new hope for a peaceful solution to the Middle East problem. A truce between the Nicaraguan government and the Contras has been in effect since early this year, but the subsequent dialogue has stalled; they are waiting to see what action the new Bush administration will take. Influenced by the moderating trend in the international situation, even West Sahara, Chad, and Cyprus and other "secondary hot spots" have actively sought and obtained political solutions. The UN has played an important role in resolving the conflicts in the above regions. The UN has developed from an international forum which meets and never decides, or decides but never takes action, into an authoritative organization which contributes to international security and world peace. This is an important, positive development in international relations.

#### **Democratization Movements Are Making Progress in Asia and other Regions**

The clear success of the democratization movements in several Asian countries marks another significant, positive development in this year's international situation. Following the toppling of the Marcos government in the Philippines amid the people's movement and a coup d'etat in February of 1986, South Korea's military regime under Chun Doo Hwan was forced to relinquish power amid violent demonstrations early this year, and Roh Tae Woo has been elected president by the majority vote. Everyone knows that for more than 40 years, there has been blood-shed in many a re-election in South Korea. Chun Doo Hwan's stepping down and Roh Tae

Woo's taking over was the first time South Korea had a peaceful transfer of power through an election. This indeed is a step forward in the direction of democracy. Recently, amid furious denunciation by the people, Chun was forced to publicly apologize to the people, surrender some of his properties, and go into internal exile. This also reflects the irreversible course of democratization. In Pakistan, election was held soon after President Zia ul-Haq's tragic death. The opposition party, the Pakistan People's Party, won with the majority of the popular votes, and Benazir Bhutto has become prime minister, and political power has been passed on peacefully. This also marks the progress of the democratization movement. Burma is engrossed in a stormy anti-dictatorship, democratization movement. This is another important development in the Asian democratization tide. Although the movement has been turbulent, the Burmese people's strong desire for democracy will overcome all obstacles and will prevail in the end. In Latin America, election was held in October to decide if President Pinochet would be re-elected for another 8-year term. Through their votes, the Chilean people have spoken in no uncertain terms that they want to get rid of the 15-year old military regime; they have taken an important step toward democracy.

#### **Reforms in Socialist Countries Continue To Overcome Difficulties and Press On**

This year, the Soviet Union has put strong emphasis on the reform of the political system. At the 19th session of the Party Conference and the Party Central Committee Plenary Session and the Supreme Soviet that soon followed, party and state leading groups have been reshuffled, Gorbachev's reform line has been reinforced and major decisions have been made to revamp the Soviet Union's political system, making it possible for further, more thorough reforms. But the Soviet's economic reform has just begun, and little progress has been made. There has been no significant change in the economic situation, and food supply remains an acute problem. At present, the Soviet leaders are putting their efforts on agricultural reform, hoping to change the outlook of agricultural production through the popularization of the leasing and contract systems. Internally, the Soviet Union is facing another crisis: the minority nationalities problem. The Armenian mass demonstrations to demand the annexation of their native homeland, the region of Nagorno-Karabakh (now belongs to the Republic of Azerbaijan) have not subsided, and there is trouble in the three republics on the Baltic coast which joined the Soviet Union on the eve of Word War II. Some Eastern European nations have run into complications with their reforms. Inflation rate in Yugoslavia has reached three digits. In Poland, economic reform which began in the first part of this year has run into trouble: they have lost control at the macroeconomic level; prices have been surging, and the people are dissatisfied. One after another, massive strikes and public disturbances have broken out in Yugoslavia, Poland, Hungary, and Romania. The Eastern European countries have tried to deal

with the situation by implementing political reforms and reorganizing and reinforcing the leading groups on the one hand, hoping to use political reform to push the economic reform through, and on the other hand, they have tried to restructure their respective economic systems in accordance with their own needs. For example, Poland and Hungary have concentrated on stabilizing the economy, controlling inflation, and improving their balance of payments; the core of Bulgaria's reform is in developing different kinds of ownership system, and they have taken steps to apply the principle of separation of property rights and management rights; Czechoslovakia has emphasized reform of enterprise internal structure and system. China's economic growth this year has topped 17 percent; the economy has overheated, and as a result, inflation has been a fairly serious problem. Decision was made at the Third Plenary Session of the 13th Party Central Committee, convened in September, to focus the attention of economic reform in the next 2 years on managing the economic environment, consolidating the economic order, and furthering the reform process. Since the plenary session, nation-wide, from top to bottom, that decision has been put into effect, and we have seen results after only 3 months.

#### **Economic Growth of the West Has Been Stronger Than Expected, but North-South Disparity Has Continued To Grow**

Since the stock market crash in October of last year, many people have been worried about the prospects of the Western economy in 1988; most feel that the rate of growth will drop. But the Western economy has turned out stronger than expected this year. In fact, the growth rate has been the highest in a decade. Based on the Economic Cooperation and Development Organization's November forecast, international trade volume has increased 8.75 percent in 1988, and rate of growth of the Western developed nations averaged 4 percent rate for the year. For the United States, the estimated growth rate is 3.8 percent, with a 3.25 percent inflation rate, and the October unemployment rate has dropped to 5.4 percent, the lowest level since June 1974, and the foreign trade deficit has declined. The fine shape of the economy was one of the main reasons for Bush's overwhelming victory in the presidential election. But the United States's financial deficit for fiscal year 1988 was still as much as \$155.1 billion, 3.6 percent more than the year before, and this remains to be one of the main concerns in the U.S. economic development. Japan has successfully overcome the difficulties brought by the appreciation of the Japanese yen and has made fairly good progress with transforming her export-oriented national economy by paying more attention to meeting domestic demand. Japan's economic growth rate in 1988 is estimated to be around 3.5-4.5 percent, but her foreign trade surplus will top \$78 billion, and friction with many American, European, and Asian countries over trade issues will continue to grow. Western Europe is actively working on a plan to form a single, unified market in 1992. The year's effort to smooth out internal problems

has been met with success; more than a hundred of the 286 problems regarding the formation of the unified market have been solved. Their growth rate is estimated to top 3.5 percent, also the highest in the recent decade. A bipolar situation has emerged in the Third World. The economic growth of Asia's "four little dragons" and the Association of Southeast Asian Nations [ASEAN] has been spectacular. The 1988 estimated rate of economic growth may be as high as 11-12 percent in South Korea, 6-8 percent in Taiwan, 9.5-11 percent in Singapore, and 5.7 percent in Hong Kong. Among the ASEAN countries, Thailand's development has been the most outstanding. Its annual growth is estimated to top 10-11 percent, approaching the growth rate of South Korea. Malaysia too is expected to grow at a rate of 6-8 percent, and the Philippines' 5.5-6.5 percent is also higher than last year's. But most of the developing countries are still very poor. The debt burden of Latin America and Africa has continued to grow. Floods, draughts, natural disasters, famines continue to plague these nations this year, causing a reduction in the food supply worldwide, adding to the plight of some developing countries. Petroleum prices have slumped, and many petroleum producing countries have sustained substantial loss. On the whole, the gap between North and South has continued to widen.

#### **Changes in the Political and Economic Structures in the Asian Pacific Region**

In the wake of moderating U.S.-Soviet relations and changing international situation, there have been new developments in the quadrilateral relationship among the United States, Soviet Union, China, and Japan in the Asian-Pacific region. To counter Japan's fierce economic offensive and Western Europe's 1992 unified market, the United States has taken active steps to set up a unified North American market. The United States and Canada have signed a free trade pact which has been ratified by congress on both sides and will go into effect on 1 January 1989. The United States is also negotiating with Mexico on a free trade agreement. Meanwhile, the United States is also actively smoothing relations with Asian Pacific countries, trying to maintain and enhance her military, political, and economic presence in the Asian-Pacific region. Japan has become an economic superpower, second only to the United States; she is the number one creditor nation and the nation with the most overseas assets. Faced with the United States' North America unified market and Western Europe's large single market, Japan is hard-pressed to formulate a countermeasure. Judging from the Draft on Establishing an Asian Free Trade Zone prepared by the International Economic Department of Prime Minister Takeshita's think tank, the Economic Deliberation Group, it looks like Japan intends to set up an East Asian economic ring, with Japan in the center, and which includes Asia's "four little dragons" and the ASEAN countries. The Soviet Union too is beginning to attach greater importance to Asian-Pacific affairs. Following his Asian-Pacific policy speech delivered in Vladivostok in 1986, Gorbachev

delivered another important speech in the Siberian city of Krasnoyarsk in September of this year in which he advanced a 7-point Asian-Pacific region security proposal, and he also called for strong economic cooperations. This year, Soviet diplomats have made frequent visits to the Asian-Pacific countries. Recently, the Soviet foreign minister even visited Japan, but because of continued disputes over the four islands north of Japan, there has been no breakthrough in Japanese-Soviet relations. During the year, China has continued to implement, and has made progress with, her peaceful foreign policy of independence and autonomy. China and the United States recently celebrated the 10th anniversary of their diplomatic relationship. The relationship between the two countries will continue to improve steadily. Prime Minister Takeshita's visit to China in August has been a success; it has further improved Sino-Japanese relationship. Sino-Soviet relationship, in particular, has improved significantly this year. Foreign minister Qian Qichen's visit to the Soviet Union in December was a success; it started the process of normalization of Sino-Soviet relationship. The Soviet foreign minister will soon pay a return visit to China. These visits will pave the way for a Sino-Soviet summit. New progress in Sino-Soviet relationship has caught the world's attention. Opinions worldwide generally reflect that the normalization of relationship between China and the Soviet Union based on the Five Principles of Peaceful Coexistence will be very conducive to peace and stability in Asia and around the world. At year-end, Indian Prime Minister Rajiv Gandhi visited China, the first Indian prime minister to visit China since 1954. The two sides held discussions and issued a joint declaration acknowledging the need to resume and develop the friendly good-neighbor relationship between China and India based on the Five Principles of Peaceful Coexistence and to use peaceful and friendly means to settle the border dispute. China and India together account for more than one-third of the world population. Better Chinese-Indian relationship will give strong momentum to peace in the Asian-Pacific region and worldwide.

Looking back at the world situation this year, out of the many events, people can draw the following conclusion: today, in the international front, confrontation has turned into dialogue; tension has been replaced by a moderating trend; the postwar international system has undergone a profound, historic, and dramatic change. The world has entered a new stage of relative moderation. Of course, rivalry between the superpowers remains. The United States and the Soviet Union still treat each other as adversaries and potential enemies. But the momentum of dialogue clearly has increased, and dialogue has superseded the confrontational aspect of the relationship. Contention has taken on a different form. The arms race is on-going, but it only plays a secondary role. International rivalry today is mainly in the form of a contest of comprehensive national strength, particularly in economics and technology. This dramatic change is the result of the evolution of international situation over a period of more than 40 years since

the War; it is the result of the age-old struggle of the many peace-loving countries and people of the world and the continuous defeat of hegemonic power politics; it is also the direct result of the decline in the actual strength of the two superpowers, the emergence of a multipolar world, the need of both the United States and the Soviet Union to improve their respective economic status, and the need to solve the multitude of domestic problems. Moderation has become a necessity. As a result, it is safe to think that this relatively moderate phase will last a while—at least until the end of the century.

In 1989, the moderating trend is expected to continue. The United States and the Soviet Union will continue the arduous negotiations and bargain over the reduction of strategic nuclear arms and conventional forces in Europe, and chances are good for a new breakthrough. Under the macroclimate of international moderation, progress can also be made in obtaining political solutions to regional problems. The Cambodian problem can be solved, although it will entail complicated political struggles and diplomatic maneuvering. Some progress can be made in the Middle East peace talks. But Israel's stubborn cling to her expansionist stance, the United States's continued partiality toward Israel, and the internal discord among the Arab nations and the PLO will make it impossible to resolve the Middle East issue in the near future. On the economic front, economic growth of the Western developed nations will be slower than in 1988. Friction over trade issues will continue. Contention for market and technological superiority will intensify. Except for some Asian-Pacific countries and regions where the economy will continue to be promising, it would be difficult for most Third World nations, especially those countries heavily dependent on raw materials as their primary products, to escape poverty. But the consensus is, 1989 will not be a year of economic recession. Several major events in 1989 will be worth paying attention to: one, upon achieving breakthroughs in the restructuring of the political system and on the diplomatic front, whether the Soviet Union can make clear progress with her economic, particularly agricultural, reform will affect the fate of Gorbachev's reforms and the Soviet Union's domestic and foreign policies. Two, how the Bush administration adjusts the economic policy to solve the twin-deficit problem will have major impact on the world economy. Three, the Sino-Soviet summit meeting and the normalization of Sino-Soviet relationship will affect the situation in the Asian-Pacific region and worldwide. In short, in 1989, the international situation will continue to develop in the direction of moderation. On the whole, this will benefit China's reforms, her opening up to the outside world, and her four modernizations. But the intense technological and economic race will bring tremendous pressure; the danger of being expelled from global membership will become more real, more imminent. We must seize the opportunity, turn pressure into impetus, and turn crisis into opportunity. We need to carefully review our experience, strive to put the economy on a steady track and generate a benign growth cycle, work hard to develop

science and technology and education, and we must strive to win the battle to re-establish ourselves in the global contest of comprehensive national strength at the end of this century and the beginning of the next century.

Note

Toward the end of 1979, the Soviet Union brazenly invaded Afghanistan and was severely censured by world opinion. At the 22nd Olympics in Moscow in the next year, 61 countries worldwide, including the United States and China, boycotted the Games. In 1984, at the 23rd Olympics in Los Angeles, the Soviet Union, in retaliation of the boycott led by the United States, made the excuse that the United States' pursuit of an anti-Soviet policy made it impossible for the Soviet Union to participate in the Olympic Games, and soon thereafter, the Eastern bloc (except Romania,) Vietnam, Cuba and other countries also announced that they would not participate in the Olympic Games that year.

**New International Political Order Promoted**  
40050269 Beijing LIAOWANG [OUTLOOK] in Chinese  
No 3, 16 Jan 89 p 38

[Article by Wang Shu 3769 2992: "Pushing the Establishment of a New International Political Order"]

[Text] The present tendency toward communication and easing of tensions will promote worldwide economic and political reform and adjustment, new scientific development and research, and a movement toward cultural and educational innovation and improvement. This will result in the raising of productive capacity to unprecedented levels, and bring on a fundamental change in social production and ways of life. In this process of monumental change, it should be a major responsibility of every nation, and especially every large nation, to further improve international relations, promote mutual cooperation, work for a step-by-step achievement of a new international political order, and protect the world's long-lasting peace.

The fundamental reality in the world during the 40 years since the end of World War II has been the contest between the United States and the Soviet Union to enforce and extend their hegemony. They have taken advantage of their position as victors in war to force their allies to form military blocs; engage in an arms race; instigate and interfere in regional conflicts, and even send troops to invade other countries. This has created acute tension between East and West, and threatened world peace and the independence of various peoples. However, neither has been able to gain the ascendancy or to frighten the people of the world. Instead, they have both come to find themselves in passive positions, in which they have fallen into economic difficulties. They have been left with no choice but to ease the tension in their relations in order to take measures to solve their domestic economic problems. Furthermore, some nations and regional organizations, especially Japan and

the European Economic Community, have already become prosperous, and in some areas of economic development have already surpassed them. A multipolar system is replacing the bipolar system. At the same, the gap between developing nations and the developed is growing wider. For developing nations in recent years, problems with the export of raw materials and semi-processed goods, dropping incomes, expensive imports, imbalance of payments, and the worsening of the debt crisis, have become unmanageable. This has caused the developing nations economic difficulties, political instability, and has made the contradictions between North and South grow continually worse. Some developing nations have already called repeatedly for strengthened North-South dialogue; for equality and mutually beneficial policies; and for the establishment of a new international economic order, so that world economic and political stability might be preserved. The international community and knowledgeable individuals have all called for developed nations to vigorously assist developing nations in overcoming their economic difficulties and raising their production and standard of living. Only by achieving more evenly distributed development and progress can the gap between North and South be narrowed, and the easing of world tensions be preserved.

The post-war reality and changing situations in recent years have already proven that hegemonism and politics by alliance no longer work, and will have to come to an end; that international politics based upon the domination of the weak by the strong, of the poor by the rich, will have to change. In the present rapidly developing international scene, the tide of change, and the will of the people, call for a step-by-step change of the old international political order. In order to preserve world peace and achieve common prosperity, the Five Principles of Peaceful Coexistence should be accepted as universal standards for the establishment of a new international political order.

When Chairman Deng Xiaoping met with Sri Lanka's then-Prime Minister Premadasa, he stated that what is needed now is the establishment of a new international economic order, and a new international political order. A new political order would mean the end of hegemonism and the honoring of the Five Principles of Peaceful Coexistence. Deng Xiaoping has reiterated this concept on numerous subsequent occasions. The Chinese Communist Party's Central Political Affairs Committee discussed the present international situation and China's foreign affairs work in a meeting on December 24, 1988, and emphasized the need to actively promote the easing of tensions in international affairs; to continue resisting hegemonism and power politics; to promote the establishment of a new international political order based on the Five Principles of Peaceful Coexistence; and to promote the establishment of a new international economic order based on equality and mutual benefit. The Sino-Indian joint news communique released at the end of Indian Prime Minister Rajiv Ghandi's visit to China in December, 1988 stated that "History has shown that

the following basic principles, promoted jointly by both China and India, are also the most long lasting: mutual respect for sovereignty and territorial integrity; agreement not to invade each other's territory or interfere in each other's internal politics; equality and mutual benefit; and the Five Principles of Peaceful Coexistence. These principles are the guiding philosophy for the improvement of relations between nations. They are the guiding philosophy for the establishment of a new international political order. They are the guiding philosophy for the establishment of a new international economic order." The wise position that a new international political order should be established upon the basis of the Five Principles of Peaceful Coexistence has already received much praise and support, and will continue to receive more and more.

As everyone knows, the Five Principles of Peaceful Coexistence were first proposed in the "Sino-Indian Agreement on Local Commerce and Travel Between Tibet and India," which was signed on April 29, 1954. In June of 1954, Premier Zhou Enlai reiterated the Five Principles of Peaceful Coexistence in joint statements released following visits with the prime ministers of India and Burma in their respective countries. Afterwards, Premier Zhou said many times, when he received foreign guests, that the Five Principles should not just apply to Sino-Indian and Sino-Burmese relations, but that they were appropriate for all of Asia, and all the world. The ten guiding principles for international relations that were put forward at the Bandung Conference of 1955 were in fact a development of the Five Principles. After the Hungarian uprising of 1956, Premier Zhou stated again that the Five Principles were not only applicable to relations between nations of different social systems, but were appropriate for relations between nations with similar social systems. The Chinese government declared in a statement on November 1, 1956, that "it is particularly true that relations between socialist countries need to be based upon the Five Principles." Later, the Five Principles of Peaceful Coexistence were accepted by several countries around the world, and played a very major role in international affairs.

With the development of the Five Principles of Peaceful Coexistence through actual practice in international relations, Premier Zhou further clarified that, of the Five Principles, the first three constituted the foundation for normal relations between nations. The fourth principle identified indispensable conditions for international cooperation and exchange. When the first four principles have been satisfied, peaceful coexistence is possible. Therefore, the Five Principles are intimately interconnected and cannot be taken separately.

Presently, the trend toward more communication and easing of tensions is continuing to develop, but the lessening and elimination of contradictions and disputes between various countries, and the improvement and normalization of international relations, has only begun.

The trend toward a more multi-polar world is primarily occurring in the economic sphere. The United States and the Soviet Union still have great influence upon world politics, and in military affairs hold an especially dominant position. The United States and the Soviet Union will continue to regard each other as opponents. Their competitiveness and antagonism, especially their struggle for overall national superiority, will be quite intense. Therefore, it will certainly be no easy matter to achieve a true easing of tension in relations between East and West, and between North and South. Nor will it be easy to preserve stability and development in the world political and economic spheres. If the old international political order is to be changed, and a new order is to be established upon the basis of the Five Principles of Peaceful Coexistence, a long period of perseverance and unflagging effort will be all the more necessary. However, it can be affirmed that as the international situation changes and develops, the Five Principles of Peaceful Coexistence sink deeper and deeper into people's hearts, and receive ever wider acceptance and support. No matter how long, difficult, and winding the road, a new order of peaceful international coexistence will be established step by step. The Chinese people, together with people from every country in the world, will work toward the achievement of this great goal.

## SOUTHEAST ASIA/PACIFIC

### Analysis of South Asian Summit

40050257 Beijing LIAOWANG [OUTLOOK] in Chinese  
No 2, 9 Jan 89 pp 46-47

[Article by Li Jiasheng 2621 1367 5116 and Zhao Jinchuan 6392 6855 1557: "Improve Bilateral Relations, Promote Regional Cooperation; On the South Asian Summit Conference"]

[Text] The three-day fourth summit conference of the South Asia Regional Cooperation Alliance ended on 31 December, 1988 in Islamabad, Pakistan's capital. In addition to discussing strengthening and expanding cooperation within the alliance, the leaders also discussed extensively and in depth bilateral relations to promote regional cooperation. Talks between Indian prime minister Rajiv Gandhi and Pakistani prime minister Benazir Bhutto were of particular interest.

Public opinion here is that improving and strengthening bilateral relations of South Asian countries is favorable for increasing understanding between member nations and promoting regional cooperation and thus is in line with the long range interests of the region's people. It signifies that South Asian regional cooperation has entered a "new stage."

The leaders of Bangladesh, Bhutan, the Maldives, Nepal, India, Pakistan, and Sri Lanka looked back at the meeting on the progress during the three years since the creation of the alliance and expressed satisfaction with its achievements. While suggesting some suggestions and

projects for expanding cooperation, they also faced current problems squarely and strengthened confidence and determination with regard to prospects for cooperation. Leaders at the meeting felt that the work of the alliance had gone smoothly since the last summit conference. Eleven technical commissions have started work as planned and the food reserves agreement and the anti-terrorist treaty that they signed jointly went into effect in August 1988 after ratification by the governments.

However, they also noted that the alliance is still in its infancy and that 16 cooperative projects in agriculture, meteorology, science and technology, health and population, transportation, posts and telegraphs, and sports are still mostly at the stage of academic discussion or training classes, and there have been no major actual benefits. The basic reason for this is that there is a mutual lack of trust between the member nations due to historical, political, and geographic factors.

Everyone knows that there are contradictions and differences between South Asian countries due to the colonialist legacy and hegemonic interference. For example, differences between India and Pakistan concerning jurisdiction over Kashmir, and differences between India and Bangladesh over distribution of water from the Ganges, and the uneasiness and concern in the surrounding countries aroused by India sending troops to Sri Lanka and the Maldives in the past two years "to help resolve racial conflict" and "suppress armed rebellion". These bilateral issues and disputes have all had an unfavorable impact on regional cooperation. At the same time, the conceptions and attitudes of the countries with regard to cooperation are not entirely the same and there are mutual misgivings and anxieties.

Thus, for substantial progress in cooperation, misunderstandings must be eliminated and there will have to be mutual trust. The first task facing the alliance now is to try to improve bilateral relations, strengthen unity, and promote continual growth of cooperation. In her opening address, Bhutto, who chaired the meeting, issued a call for the alliance to adjust its policy to make it more realistic.

Developing regional cooperation requires mutual understanding, trust and an atmosphere of friendship. On 2 December 1988, upon assuming office as prime minister of Pakistan, Bhutto sent a message of friendship to India expressing a willingness to improve the long-term hostile and strained relations between the two countries on the basis of equality and mutual benefit, and invited Gandhi to stay on after the South Asian summit conference to continue discussions of bilateral relations. India responded positively. Gandhi's visit to Pakistan is the first visit of an Indian leader to Pakistan in the 28 years since Prime Minister Nehru's visit in 1960. Before the visit, Gandhi himself had also repeatedly indicated a willingness to improve the relations between the two countries.

Through the joint efforts of both sides, the two leaders held three rounds of formal talks and exchanged views extensively and in-depth on the South Asian nuclear free zone, the Kashmir problem, and other problems of bilateral relations which yielded positive results. The two countries signed three agreements "not to attack the other's nuclear facilities", "to eliminate double customs duties in trade between the two countries", and "to promote cultural exchanges." At a press conference held after the talks concluded, Gandhi and Bhutto said that signing the three agreements was a "major breakthrough" in helping to restore Indian-Pakistan relations. Bhutto called the talks "an extraordinarily important and significant step" in improving bilateral relations. Both sides indicated they will continue such "meaningful" dialogue.

Without the talks, a dramatic change in Pakistani-Indian relations would have been impossible, but this meeting has important significance for promoting mutual understanding and trust. The improvement of relations between India and Pakistan, important members of the South Asia regional alliance, not only can promote cooperation within the alliance, but also help the peace and stability of the entire region.

It is reported the leaders of the other countries exchanged views on their own concerns and bilateral and multilateral relations and improved mutual understanding and trust. Observers here feel that the improvement of political relations between South Asian countries created the necessary conditions for regional cooperation and spurred on the progress of cooperation. At the same time, the seven leaders' spirit of seeking common ground on major issues while reserving differences on minor issues and mutual understanding also reflected the historical tide of the world today in the use of dialogue instead of confrontation, alleviating the arms race with disarmament, and resolving military conflict and international disputes through peaceful means. The seven leaders unanimously expressed a willingness to take advantage of this genial climate to further expand South Asian regional cooperation.

People are also happy to note that from beginning to end, this summit conference was permeated by a harmonious and friendly atmosphere. The specific achievements of this conference include: a decision for Pakistan to start up a human resources development center to execute gradually the "South Asian Region Cooperation—2000" blueprint which Pakistan proposed, i.e., to draw up on the basis of the actual situation of nutritional level, education, public health and population growth, development targets for this region for the end of this century to satisfy the needs for clothing, food, housing, education, public health, family planning, and environmental protection. The "Islamabad Declaration" approved by

the meeting reaffirmed the obligation the countries accepted in the charter for regional cooperation, resolved to expand the areas of cooperation, improve the standard of living of the people of South Asia, and eliminate poverty, hunger, disease, illiteracy, and unemployment.

The Alliance for South Asian Cooperation is just getting started and faces many difficulties on the road ahead. In particular, the weak economic power, dense population,

and backward production conditions of the seven countries does not favor accelerated development and cooperation by the alliance. Yet, the member countries of the alliance are fully aware that poverty, backwardness, and ignorance urgently need to be resolved by reliance on collective efforts and that only by reinforced cooperation can the seven South Asian countries advance the well-being of the people and the improvement of the standard of living, accelerate the region's socio-economic and cultural progress, and strengthen the self-reliance of the collective.

**Liu Binyan Discusses Political Reform Freedom of Press**

40050202 Hong Kong CHENG MING  
[CONTENDING] in Chinese No 135, Jan 89 pp 81-83

[“Excerpts” of speech by Liu Binyan delivered at Ruhr-University, West Germany, June 1988: “Political Reform and Freedom of the Press”]

[Text] Note: Liu Binyan [0491 6333 7159], who visited West Germany at the invitation of the FRG government in June 1988, delivered a speech on freedom of the press at Ruhr-University, in which he discussed current political and economic reform, the relationship between writers and the Chinese Communists, the student movement, and other issues on the mainland and answered questions from the audience. Professor Ma Hanmao [7456 3352 5399] of Ruhr-University mailed this journal a transcript of Liu's speech and answers, which Liu reviewed and revised, for publication. Following are excerpts from the speech dealing with issues of particular interest. The headline and headings were supplied by the editors.

I believe that restriction of press freedom is not merely a journalistic issue and that the issue of freedom of the press is an important symbol through which one can test the attitude of the CPC on many questions. For example, what is the party's real attitude toward the people? Why does it restrict press freedom? Does it trust the people? Does it trust or fear them? Does it take them seriously and respect them? Or does it despise them? If it trusts its people, then it has every reason to let all sorts of issues be brought to light and to welcome expression of all sorts of different opinions in the press. If the party takes the people seriously, then that is what it would do, for the people would not approve if the party did not do so; they would rise up and oppose it. So you can see that the party fears and despises the people.

Conversely, the people can see how the CPC views itself, how it views the mistakes it made in the past, and how it really views its future responsibilities. As every one knows—even I, a CPC member, clearly realize—the CPC has wronged the people not just once. If the party is truly responsible, then it ought to be penitent toward the people and recognize that it cannot guarantee that it absolutely will not commit more mistakes in the future. Isn't that right? There is no reason why our political system should not be reformed. Failure to reform the political system means that the status of the party has not changed, yet the party's health is much worse now than it was 20-odd years ago. Well, then, on what basis can the party guarantee that I will not make any more mistakes? Let alone the fact that each time the CPC blunders it causes tremendous loss, even calamity, to many Chinese people! So if the party is going to be responsible to the people, the first thing it must do is to lift the restrictions on press freedom and to carry out journalistic reform.

Second, through this issue, people can test the CPC's attitude toward mankind's common experience and cultural legacy. The entire history of Europe and the Americas has demonstrated this fact: Freedom of the press is the number-one prerequisite of democratization. The party cannot go and keep the tradition of press freedom a thousand li away just because it comes from the West, from capitalist societies. Forget the rest, you have already had more than 30 years of experience, and that experience demonstrates precisely that you have failed. If you say freedom of the press is bourgeois democracy, we won't buy it. If you say we want to develop our own socialist democracy—proletarian democracy, then fine. Of course, that is good. But 30-odd years of experience shows that what you've developed is fascist dictatorship! What right do you have now to reject a tradition that is accepted by all of mankind?!

Naturally, in addition to this, we may also see from the CPC's attitude toward press freedom just how much good faith and determination the party has toward the reforms that are under way in China, whether these reforms can be thoroughly implemented, and the like.

Surveying the student movements of 1985, 1986, and 1988, the reason why Chinese college students took to the streets, posted big character posters, broke all sorts of bans, and took all sorts of risks to demonstrate was to protest the CPC's failure to show thoroughness and determination in the reform process. Chinese college students have always been a most sensitive voice reflecting the will of the people.

Why should college students want to stand up and step forth? Why should they take to the streets? The basic reason is that there is no other way for the Chinese people to express their will. Newspapers do not let you see everyone's real attitude toward various social phenomena and do not let you hear differing opinions; the CPC still wants to restrict popular opinion to a single, unified voice. But in reality this is not possible. Most of the avenues by which people can vent their dissatisfaction are all stopped up, so when trouble starts, things blow up. For example, I was kicked out of the party twice, and wasn't it the same reason each time for having openly criticized in newspapers some of the shortcomings of the CPC? Actually, I didn't even begin to expose the real, the most serious, and the seamiest side of the party. The highest party member I ever criticized was a secretary of the Xi'an city party committee, in the capital of Shaanxi Province. Of course, he is considered a high-ranking cadre, but that was no threat to the CPC. And even so, everything I wrote about was a problem the CPC itself wanted to resolve. So before I came abroad this time, a young person told me, "When I read your works I thought it very strange—have Deng Xiaoping and those people in the party Central Committee ever read your works? I think that even if those people who had seen only one of the works they would have realized that you do not oppose the CPC. You are not trying to pick a fight with those people; your intentions are good."

Precisely. My intentions are good, and my criticism is restrained and moderate. Unfortunately, even this kind of criticism is unacceptable.

The lack of "freedom of the press" does not only mean that we cannot read satisfactory newspapers, it also directly affects our entire nation and has a direct bearing on whether or not the quality of the Chinese people improves or declines, advances or regresses. Imagine, if you will, a person who is aware only of the things around himself, which he can see directly, and does not understand or have any information about the changes and problems in the world, in China or even in his own city or province. In such a benighted state, do you think that he could be anything but ignorant? We Chinese not only do not understand our past 39 years, we do not even know what is going on in our own country at this moment or what is happening in the world, what Gorbachev is up to, what the Philippines are doing, and what has been transpired in Burma. We know nothing about these things. And when the opposition in South Korea presented the ruling party with eight demands, the Chinese people were informed only of two of the demands, because reportage of the other six would have set off a chain reaction in China. And of the two that could be publicized, I recall that one was that "the president must be elected directly." This was all right to print because China has neither a president nor anything approximating elections. Our newspapers and electronic media did not report any of the other six, such as "the demand for the granting of freedom of speech," "the demand for the release of political prisoners," and the like. Thus the Chinese people consistently have been kept ignorant.

Given this ignorance, Chinese naturally think that nothing abroad has anything to do with them. This thinking is quite logical: Since you don't need to know, and since you don't feel you need to tell me about these things, then I, for my part, don't need to go and worry about them—the CPC runs the whole darn country anyway. Whenever things go on like this, people tend to develop a frightful indifference and naturally pay no attention to national affairs, society, the CPC and to the future of all of China. Even when people feel a little twinge of responsibility or of zeal, they suppress the urge because they think they are powerless. I'd like to do something about it, they say, but there's nothing I can do.

Of course, there is something even more terrible that has occurred, and that is the sort of thing with which I have had the most contact—the people who have suffered unjust verdicts and trumped-up charges and the people who still suffer all sorts of injustices or unfair treatment. These people feel the road to Heaven and the door to Earth are closed to them and that no one will speak out on their behalf. They have already petitioned the CPC Central Discipline Inspection Committee, the Supreme Court, and RENMIN RIBAO for redress. They have gone to every one, and all they get is rebuffs; even newspapers will not speak out for them. So what recourse

do they have? Desperate acts, taking the law into their own hands and taking their enemies down with them. So in the middle of the night they'll grab a hand grenade, maybe a bag of explosives, a torch, or an ax and go to their enemy's home and take him and his entire family out—seven or eight persons in all. In more serious cases, they may resort to acts of vengeance against society—arson, explosions, destroying trains, poisoning water supplies, and the like. A considerable portion of the rapid rise in China's vicious crimes results from this type of criminal vengeance. Having reached the ends of their ropes, people who commit such acts think to themselves, "You've killed my wife and son" or "You beat my father to a cripple" "so there's nothing left for me but to lay down my life." Clearly, absence of "press freedom" has brought us many evils.

#### Following Are Liu Binyan's Answers to Questions From the Audience

[Question] Though I was born and raised abroad, I'm proud to be Chinese and very concerned about politics in my homeland. After hearing your speech, I feel that China's biggest mistake is that she's let the Communists have a one-party dictatorship. Why is it that the Chinese people cannot stand up and suggest to the CPC, "We want multiparty politics, as in Western societies"?

[Answer] That is a question people often ask me. When I went abroad in 1982 and 1983, I didn't dare answer such a question; even now I'm still a little afraid to do so—because it's taboo and very sensitive. However, I think that the Chinese people accept one-party dictatorship only so long as they think they need it and that when they can no longer tolerate such a dictatorship they will rise up and reform the system. Just as Engels, when he was discussing why Prussia had such a counterrevolutionary and barbaric government, said: That is the kind of government the Prussian people deserve. China's history over these past several decades suits the conditions of the Chinese people, their level, and their needs. There is one fact we must not overlook, and that is that the CPC did not establish its regime through use of force or suppression. On the contrary, it came to power with the support of tens of millions of people and still enjoys the support of many Chinese. Regardless of whether or not there has been any change in the level of this support since the early days, many people still believe that the CPC is indeed for the people and correct, even if it has made mistakes, big mistakes at that, and is likely to make them again. I often say that the CPC has more morality and justice on its side than any other dynastic ruler in Chinese history. Why do you suppose intellectuals all bow and scrape and prostrate themselves before the power of the CPC? It's because workers, peasants and many urban people stand with the CPC, so that, even when intellectuals at first think they've done nothing wrong, in the end they have no choice but to bow their heads and submit. Of course, this situation has greatly

changed and is undergoing rapid change at this very moment. When will China have an opposition party or two? That will depend on how great these changes are.

[Question] The CPC has failed. Could you explain what the major causes of that failure are?

[Answer] It's hard to say that the CPC has totally failed, because the mainland has certainly experienced great change over the last several decades. It wouldn't be very scientific to make a total contrast between the mainland and Taiwan, because Taiwan has no utterly barren places like Gansu and Ningxia, many provinces on the mainland have very poor natural conditions and still depend on state subsidies, and Taiwan has other advantages. It should be acknowledged that the CPC enabled the Chinese economy greatly to develop under very difficult conditions. The problem is that we paid too high a price for this. What caused this? Historical and social factors, as well as reasons related to the CPC itself. What's more, at that time the socialist model we received was Soviet. In sum, the reasons are complex and probably cannot be attributed to the CPC and its internal situation alone.

[Question] You said you haven't exposed the seamiest things in the CPC. Why? Can you do so today? Can they be changed?

[Answer] I still can't talk about them today because I don't know what they are. However, there certainly are a lot of them. For example, the provincial committee affair. I have never exposed the problems of the provincial committee and naturally dare even less to expose Central Committee matters. And I don't know enough about some of these things.

[Questioner interjects] Well, could you tell us what you do know?

[Answer] Well, I know a little bit. For example, the problem of the children of high-ranking cadres. This is kind of a small thing, though. I have heard, however, that some people are buying homes in the United States. It's really difficult to buy a house in Los Angeles; you have to spend at least \$5-600,000. Now, I'd like to know: Where does that kind of money come from? And I've also heard that one high-ranking cadre, a big bureau chief, settled in Switzerland. Now, where does he get the money to live on? Not his 2-300 yuan a month salary?! I think things like this are seamy enough. And I believe the day will come when people will be able to talk about such problems openly.

[Question] Are you a dissident?

[Answer] I don't think of myself as such. If someone were to say I am, then I'd be of a different sort, because there are many kinds of dissidents. Take the Soviet Union, for example. One kind is the Solzhenitsyn type—totally anti-communist. Naturally, I don't belong to that type. Then there's the Sakharov variety. I don't know his

political views very well. I just think I'm probably closer to Roy Medvedev, who demands reform while supporting and advocating socialism. His situation in the Soviet Union has greatly improved.

#### Mao Zedong's Relationship With Personal Secretary Reported

40050254 Hong Kong CHAO LIU [TIDE] in Chinese  
No 23, 15 Jan 89 pp 21-26

[Article by Yu Jia 0060 0857: "Zhang Yufeng 1728 3768 7685, Intimate of Mao Zedong During His Later Years"]

[Text] Recently, a lot of news has been making the rounds in Beijing about Jiang Qing and close associates of Mao Zedong, such as how Jiang Qing secured a pardon for medical treatment, about the remarriage of Jiang Qing and Mao Zedong's daughter, Li Na [2621 6077] (Xiao Li) [5618 0500], and about how she went to Mao's memorial hall in Beijing on 25 December to see the personal belongings her father left. In the first 1989 issue of the Beijing magazine, YANHUANG ZISUN [DESCENDANTS OF YANDI AND HUANGDI], Mao Zedong's "young sweetheart," Zhang Yufeng, who figures in the gossip, wrote an article titled, "A Few Matters About Mao Zedong and Zhou Enlai During Their Later Years," which was mostly about inconsequential matters such as the illnesses of Mao and Zhou, and their attendance at a memorial service for Chen Yi. However, the article does not touch on the political infighting among high level Communist leaders, nor does it contain anything new.

Zhang Yufeng was originally an attendant on Mao Zedong's personal train. Mao Zedong picked her to enter Zhongnan Hai to look after him, and later she became his confidential secretary in charge of his memoranda and manuscripts, as a result of which she was dragged into the political battles of Mao Zedong's later years. Document No 24 on the Chinese Communist purging of the "gang of four," reveals much inside information about this.

During his later years, Mao Zedong was wracked by illness, and he became truly enamored of Zhang Yufeng about whom he quoted the "Book of History" to express his good feeling toward her as follows: A sense of friendship though one may be dead and the other alive; a sense of involvement though one may be poor and the other rich; enduring friendship though one may be in a noble position and the other in a lowly position.

Mao rather appreciated her candor and her obstinacy. Mao said, "She works diligently, fulfills her duties. She is like a descendant of Zhang Fei [a general during the Three Kingdoms period], who is triggered into action by the slightest touch."

This article narrates fairly completely the relationship between Zhang Yufeng and Mao Zedong, as well as some of the inside story of how she was dragged into the vortex of the political infighting.

#### The Four Women Closest to Mao Zedong

During his later years, four other women in addition to Jiang Qing were close to Mao Zedong. They were Wang Hairong [3769 3189 1369], Tang Xiansheng [0781 5113 3932], Zhang Hanzhi [4545 0698 0037], and Zhang Yufeng. The first three were Mao Zedong's interpreters when he met foreign guests. They, as well as Mao's nephew Mao Yuanxin [3029 6678 2450], were "privileged characters" who could go to Mao Zedong's residence without giving notice. Zhang Yufeng was really Mao's "closest comrade-in-arms" during his later years.

Wang Hairong was Mao's relative, the granddaughter of teacher Wang Jifan [3769 1323 5400]. She had served as a department head and as a deputy minister in the Chinese Communist Ministry of Foreign Affairs, and is currently director of the State Council Councillors Office. Tang Wensheng is the daughter of Tang Mingzhao [0781 2494 3564]. She has been a deputy director of the American and Oceanian Affairs Department of the Ministry of Foreign Affairs. Zhang Hanzhi is the daughter of Mao's friend, Zhang Shizhao [1728 1102 6856], and the second wife of Qiao Guanhua [0829 0385 5478], a former member of the Chinese Communist Central Committee, and a foreign minister. She has served as a deputy director of the Asian Affairs Department of the Ministry of Foreign Affairs. All three were promoted out of turn because of their connection with Mao. When the Chinese Communists tried the "gang of four," they provided statements revealing that during his later years, Mao frequently had them and Mao Yuanxin relay messages.

However, their relationship with Mao was not as close as that of Zhang Yufeng. From July 1970 through September 1976, Zhang Yufeng served as Mao Zedong's health care nurse and confidential secretary. She was even closer to Mao Zedong than Jiang Qing.

After the Jiang Qing clique lost power in October 1976, people reacted with bitterness against Mao Zedong for drifting rudderless and in confusion in his later years, and they privately expressed much disgruntlement with him. Naturally, this also involved Zhang Yufeng about whom a rumor circulated that she had had two children by "Old man Mao." Not long ago, her husband, Liu Aimin [0491 1947 3046], told a reporter from BEIJING QINGNIAN BAO [BEIJING YOUTH NEWS] that he had been "pestered by all kinds of slanderous gossip," which probably included the rumor about giving birth to "old man Mao's" children.

*When Zhang Yufeng "entered the palace," Mao Zedong was already 77 years old, and probably no longer able to reproduce, so the rumor about having a child by Zhang Yufeng is probably not true. Nevertheless, Mao liked her*

*very much indeed; otherwise he would not have wanted her to continue to "work" at his side when she was heavy with child during a pregnancy. Right up until the day she gave birth, Mao had her stay to eat the evening meal with him, sending her to the hospital in an automobile only after her labor pains became unbearable.*

#### The Beauty From Mudanjiang, a Special Train Attendant

Zhang Yufeng was 4 years old in 1949. A native of Mudanjiang in Heilongjiang Province, she was born into a worker's family in 1944. Because her family was poor, she dropped out of junior middle school in 1958 when she was 14 years old to go to work as a child laborer in the Mudanjiang Railroad Bureau. Her sweet manner and her alacrity brought her to the attention of the Security Bureau of the Chinese Communist Central Committee Office, and in 1960, she was transferred to the Special Transportation Department of the Ministry of Railways as an attendant. She was just a young girl of 16 at that time.

The Special Transportation Department was in charge of "special trains," and "special trains" were trains used exclusively by high ranking Chinese Communist cadres and senior officials of foreign governments visiting China. Attendants on special trains went through a rigorous selection process, and all were young beauties. Zhang Yufeng's job as an attendant on "special trains" was to serve tea, offer towels, and clean up. Her monthly salary was 37 yuan renminbi, which was about HK\$100 at the "official rate" at that time.

In June 1969, when Zhang Yufeng was 25 years old, she was transferred to Mao Zedong's "special train" to work as an attendant, and she frequently accompanied Mao Zedong on inspection tours throughout the country. Zhang Yufeng had been selected for Mao's "special train" not only because she was young and pretty, worked quickly, and was alert, but also because she had come from a poor worker's family, which is to say that she was a "daughter of the five categories of red elements" in Chinese Communist parlance. She had only reached the first grade of junior middle school, so her educational level was very low; however, this was an "important criterion" that the Central Committee Security Bureau used in selecting attendants for high ranking cadres. This was an example of an obscurantist policy whereby those who were least educated accepted training, most readily, designed to keep people in ignorance. Since Zhang Yufeng had little education, naturally those responsible for selections could rest easy.

#### Summoned to Zhongnan Hai As a Companion to Mao Zedong

For Zhang Yufeng, the transfer to a job in Mao's "special train" was a "lucky break" that involved her in high level Chinese Communist politics. Aboard the "special train,"

Mao had a favorable impression after seeing her, and on one occasion after Zhang Yufeng had left, he reportedly wrote "Zhang Yufeng" time and time again on a piece of scrap paper, showing his regret at her departure. When he saw the piece of paper filled with "Zhang Yufeng," an old bodyguard, the head of the 8341 palace guard detachment named Wang Dongxing [3076 3639 5281], understood the implication, and set about making arrangements on behalf of the "patriarch."

Wang Dongxing was a candidate member of the Chinese Communist Politburo at that time, the director of the Central Committee Office, and concurrently political commissar for the 8341 detachment (the Central Security Regiment). He was the security cadre in whom Mao had most trust.

After realizing Mao's "affair of the heart," Wang Dongxing sent Zhang Yaoci [1728 5069 4379] to "do the spade work with Zhang Yufeng." Zhang Yaoci was the First Deputy Director of the Central Committee Office and concurrently Director of the Security Bureau. She was also the 8341 detachment leader (regimental commander of the Central Security Regiment) responsible for the security of high ranking cadres.

In July 1970, Zhang Yufeng received the notice to go to Zhongnan Hai for a "chat." Zhang Yaoci and Mao's head nurse, Wu Xujun [0702 2485 0689] talked with her telling her to consider becoming Mao's attendant responsible for looking after Mao, and asking her whether she wanted to come into Zhongnan Hai. Under the Chinese obscurantist policy, Mao had long since been made a "god," so naturally she eagerly looked forward to working beside the "great leader," and "great helmsman."

#### Attentively Looks After Mao Zedong's Daily Life

Zhang Yufeng was 26 years old when she "entered the palace," and she had been married for 3 years. Her husband, Liu Aimin, was a fellow townsman from northeastern China, who also worked for the Ministry of Railways. They married in 1967 when she was 23 years old, and they had a daughter the following year.

After marrying, women frequently possess a certain young married woman's charm that they did not have before marrying, and it was this charm of Zhang Yufeng that attracted Mao Zedong.

Though Mao Zedong held authority such as no one else in the world possessed, dictators frequently live in solitary splendor with no one to whom they can turn, and they are lonely or even mournful. The time that he first met Zhang Yufeng coincided with the time when he suspected that a group of military men headed by Lin Biao were planning to kill him, and when the cruel and ferocious Cultural Revolution was also isolating him more and more. The number of people he could genuinely trust was becoming smaller and smaller. Though he intended to groom Jiang Qing to succeed him, she had

"politicized" their home life too much and rarely provided him warmth. On the contrary, she frequently caused a great uproar that made it impossible for him to find peace, and which increased his loneliness. In this situation, Zhang Yufeng became even more valuable as a companion providing diversion.

Zhang looked after Mao's daily life very attentively, and Mao very quickly came to regard her as an "intimate," and could not bear not to have her by his side.

In 1971, Mao Zedong's health began to decline. He fell ill in early spring and again in winter. A bronchial infection hung on for a long time, failing to respond to treatment, and he coughed so terribly that he had to remain in bed. Zhang Yufeng and head nurse Wu Xujun took turns taking care of him.

#### Regarded As an Intimate After "Second Entry Into the Palace"

On one occasion, Mao received a guest while he was ill. Out of reverence for the "god," Zhang Yufeng advised him that it was important to rest. This angered him. Glaring at her, he angrily rebuked her with a Hunan accent saying: If you don't like it, then beat it."

Zhang Yufeng was a stubborn woman. She left Zhongnan Hai at once and returned home. The deputy director of the "Central Committee Office," Zhang Yaoci told her to write a "self-criticism," but she would not write it because she did not feel she had done wrong. After 20 days or so, she returned to Zhongnan Hai both because Mao could not do without her, and because in that society of "rule by divine right," to leave Zhongnan Hai was deemed "dishonorable."

*After she returned, Mao told her that this is your "second entrance into the palace." He also said, "She works diligently, fulfills her duties, and is like a descendant of Zhang Fei who is triggered into action by the slightest touch."*

Zhang Yufeng's second departure from Zhongnan Hai came in August 1973 when she gave birth to a second child. On the day that she gave birth, even though she had birth pangs, Mao still insisted that she remain with him through the evening meal. After giving birth, Zhang Yufeng did not want to return to Zhongnan Hai; instead, she wanted to enjoy family life with her husband and children. But Mao was unwilling to give her up. One day in September, Mao told Jiang Qing to go see about her coming back to work.

She returned to be with Mao, and Mao expressed his rapture toward his "intimate" by quoting from the "Book of History" as follows:

A sense of friendship though one may be dead and the other alive; A sense of involvement though one may be poor and the other rich; Enduring friendship though one may be in a noble position and the other in a lowly position.

These several incidents show that the relationship between Mao Zedong and Zhang Yufeng was by no means that of superior and subordinate. Mao obviously was secretly in love with her. If he had not been, he would not have become angry at her and told her to "beat it," only to be unable to stand the separation after she left despite her refusal to write a "self-criticism." After she "entered the palace," Jiang Qing frequently found pretexts for causing an uproar because she was jealous of her, and Mao's having sent Jiang Qing to invite her back was for the purpose of appeasing Zhang Yufeng.

#### **Mao Takes Zhang Yufeng Along on His Trips Around the Country**

It was because Mao Zedong regarded Zhang Yufeng as an "intimate," that he took her along on his "trips" instead of having Jiang Qing accompany him. Later on, Zhang Yufeng also became Mao's confidential secretary.

In 1971, Mao Zedong purged Lin Biao, his wife, and the "four big diamonds" in his army (Huang Yongsheng [7806 3057 0524], Wu Faxian [0702 3127 2009], Li Zuopeng [2621 0155 7720], and Qiu Huizuo [6726 2585 0155]); then, during 1973 and 1974, he launched the "Criticize Confucius" campaign, which was gradually extended to a purge of Zhou Enlai and the bureaucratic clique.

From 1973 onward, Mao Zedong was cut off from the masses except for meetings with foreign guests, shaking hands with "ministers," and occasionally summoning Zhou and Deng for talks. By 1975 and 1976, he relied solely on Wang Dongxing, Mao Yuanxin, and Zhang Yufeng to relay his words. The "ministers" were no longer able to approach him. When Zhou Enlai wanted information about Mao, he too had to rely on Wang Dongxing, Zhang Yaoci, and Zhang Yufeng as lines "into the palace."

Zhang Yufeng was in charge of Mao Zedong's "memoranda," handwritten drafts, and records of confidential conversations, and she also underlined and wrote notes on documents for Mao. She also accompanied "his majesty" day and night. Even Jiang Qing was more than a little frightened of her.

#### **Understood Inside Story of Conflicts in "Organizing the Cabinet"**

In October 1974, dissatisfied with Zhou Enlai's choice of personnel for the new cabinet (which was to be presented to the Fourth NPC for approval), Mao Zedong said that he and Wang Dongxing would not take a part in the

Fourth NPC nor would they attend the first meeting of the Fourth NPC, but would sojourn at Changsha in Hunan Province. While in Changsha, Zhang Yufeng was "in attendance everywhere," as a result of which she heard Wang Hongwen report to Mao Zedong on Zhou [Enlai], Deng [Xiaoping], Yeh [Jianying], and Li [Xiannian]. On 26 November 1980, when the special tribunal in Beijing tried Jiang Qing, Zhang Yufeng's testimony on this matter was read aloud.

Zhang Yufeng wrote down this statement made under examination in October 1976 in the course of a "separate investigation." The original text is as follows:

Before the Fourth NPC, the "gang of four" conspired to usurp the Party and seize power. On the eve of the Fourth NPC, they felt that the situation was not favorable, and that they were very isolated, so they laid plans to forestall their enemies by striking first, toppling Comrades Zhou Enlai and Yeh Jianying and taking power themselves. In October 1974, Wang Hongwen went to visit Chairman Mao in Hunan without the knowledge of Premier Zhou and the Politburo. He lodged complaints with Chairman Mao against Premier Zhou and other Central Committee leaders. Wang Hongwen compared Premier Zhou and other comrades to the Lin Biao gang that intended to seize power during the Second Plenum of the 9th Central Committee. He said, "There is a strong flavor of the Lushan Meeting [when Peng Dehuai was overthrown] in Beijing today. I did not tell Premier Zhou and other comrades on the Politburo that I was coming to Hunan. We four [Wang [Hongwen], Zhang [Chunqiao], Jiang [Qing], and Yao [Wenyuan]] held a night meeting that decided to send me to make a report. I left when Premier Zhou was resting. I took risks to come." Speaking with an ulterior motive, Wang said, "Though Premier Zhou is seriously ill; he "is occupied" night and day with contacting people for talks. The people who go to his home frequently are Deng Xiaoping, Yeh Jianying, and Li Xiannian." Wang Hongwen's purpose in going to Hunan was actually a "gang of four" plot to topple Premier Zhou and take power from Chairman Mao. In talking to Chairman Mao, he also lauded Zhang Chunqiao to the sky for his ability, and Yao Wenyuan for being well read, and he also flattered Jiang Qing. Chairman Mao severely chastized Wang Hongwen at once. The chairman said that he should iron out problems with people face to face, not do things in this way. You should watch Jiang Qing and not get embroiled with her. After you return, go talk to the premier and to Yeh Jianying.

Mao Zedong had intended to groom Jiang Qing, Zhang Chunqiao, Wang Hongwen, and Yao Wenyuan as the nucleus for a "successor group." However, their excessive removal of old cadres aroused Mao's apprehensions; thus he told them to pay attention to "tactics," and to shorten the "attack front."

#### **Jiang Qing Repeatedly Raises an Uproar to Get 30,000 Yuan**

Not only was Zhang Yufeng Mao's confidential secretary, but also his private financial manager as well. Mao

received a first level cadre's monthly salary, which he did not use completely. The substantial income generated from the printing of several hundred million copies of the Quotations of Chairman Mao, the Selected Works of Chairman Mao, and the "Three Standing Articles" [Serve the People, In Memory of Norman Bethune, and The Foolish Old Man Who Removed the Mountains] was entirely turned over to him by the publishing house. Although he called upon people to "overcome selfishness and foster public spirit," and although he called for "opposition to bourgeois legal rights," he would have none of that; instead every copper went into his pockets. Therefore, he was the richest of the Chinese Communist cadres, and he positively was not a "proletarian" in the proletariat.

In October 1973, Jiang Qing went to see Mao Zedong (Jiang Qing and Mao lived at No 17 Diaoyutai) to ask for a sum of money. Mao approved transfer to her of 30,000 yuan received from his writings. For the common people on the mainland, 30,000 yuan is an astronomical figure equal to 50 years salary for a middle school teacher, and an amount that it would take 500 years for a peasant with a medium level income to earn.

This sum of money was turned over to Zhang Yufeng to take care of. According to data that Zhang Yufeng provided the special case unit after Jiang Qing's downfall, she sent the 30,000 yuan to Jiang Qing's residence at Diaoyutai.

The testimony that Zhang Yufeng provided on this matter in a "separate investigation" was included in Chinese Communist "Document Zhongfa 24" in 1976. She wrote the following:

In October 1973, Jiang Qing came to see the Chairman. She said she needed a sum of money. After Jiang Qing left, the Chairman said to me: "They think I am done for, and they are preparing a retreat route for themselves." Then the Chairman began to cry. He approved payment of 30,000 yuan from money received from his writings, and had me take care of it. I sent the money to Jiang Qing. When she saw the money, she said to me at once, "Young Zhang, as far as I'm concerned, this is not enough money. I'm in a different situation than you are. I am prepared to have my head cut off or to go to jail. I am not afraid of this. It is also possible that I'll be kept neither alive nor dead, and this would be harder." Three years passed since the Chairman approved giving this money to Jiang Qing. During these 3 years, Jiang Qing changed greatly. She frequently came to pester the Chairman about borrowing money. Once she said, "Let Young Zhang take care of a deposit receipt for me." Another time she said, "Don't have Young Zhang take care of it; have Yuanxin take care of it." A few days later, she wanted me to take care of it. Back and forth, Jiang Qing bothered the chairman countless times, and right up until just 2 days before the Chairman passed away, she was still causing an uproar. Jiang Qing said, "I want to limit bourgeois rights, so I won't take this

money. If you (meaning Mao) insist on giving it to me, let Young Zhang take charge of it for me." This sum of money was the money Jiang Qing had asked for during the period when the Chairman had been ill. A few years later, she changed her tune and tried to pin a bourgeois rights charge on the Chairman. How vicious were her motives!

#### Jiang Qing Forces Her To Turn Over Documents After Mao's Death

After Mao Zedong died on 9 September 1976, everyone went to Zhang Yufeng for information because it was she who took care of Mao Zedong's most confidential documents, handwritten manuscripts, and records of conversations. Everyday Jiang Qing went to Mao's residence looking for her and wanting her to turn over some of Mao's handwritten manuscripts. Mao Yuanxin, who had risen in his career like a helicopter, and who was in charge of the "Shenyang Military Region CPC Committee" also came to her for documents. Pressured severely, she turned over a record of conversation between Mao and ranking Wuhan Military Region figures, Yang Dezhi [2799 1779 1807], and Wang Liusheng [3769 0362 3932]. Following the memorial service for Mao Zedong on 18 September, Jiang Qing wanted more documents from her, and she felt it would be difficult to stave her off. After Jiang Qing left, she telephoned Wang Dongxing and asked him to go to Jiang Qing. Wang told her that the Politburo was planning to seal the documents, and that the two documents that Jiang Qing had borrowed were to be taken back. Acting on Wang's instructions, she asked Jiang Qing to return the documents. Jiang Qing abused her, so all she could do was to ask Wang Dongxing for help. Finally, Hua Guofeng telephoned Jiang Qing asking her to return the documents.

Jiang Qing said that they wanted to get rid of her even before the Chairman's corpse was cold, and she complained loudly. Nevertheless, after the telephone call, she returned the two documents. In the two documents, Zhang Yufeng found two places that had been altered, so she again told Wang Dongxing at once.

#### Separate Investigation Following the Fall of the Gang of Four

After the fall of Jiang Qing, Zhang Yufeng was also named an accomplice of the "gang of four" and became the subject of a "separate investigation." Within a short time, Wang Dongxing, in his position as director of the Central Committee Office, "liberated" her, and the three crimes with which she had been charged (persecuting Mao, opposing Hua Guofeng, and consorting with the gang of four) were also overturned.

During the 1980 trial of Jiang Qing, Zhang Yufeng, Wang Hairong, and Tang Wensheng all gave testimony in court. For the sake of this "political necessity," the Chinese Communist "Central Committee Office" gave

her the post and rank of "secretary in the Propaganda Department of the Political Department of the Security Bureau" entitled to a salary but not required to work.

She was subsequently transferred to the "Chinese First Historical Archives" in Beijing. Because of her low education, she was not competent to perform specialized work, but only to do physical work. It was not until 1986 that she received permission to be transferred back to the Ministry of Railways as a minor cadre where she reportedly receives a 19th grade salary of 80 yuan renminbi per month.

After Jiang Qing lost power, many people hated Mao Zedong for the "great calamity of the Cultural Revolution," and reports were rife of his mental confusion during his later years, and the licentiousness of Jiang Qing at No 17 Diaoyutai. Not only were there reports that Jiang Qing kept "four big catamites" (like Liu Qingtang [0491 1987 2768] and Qian Haoliang [6929 3185 0081]), but reports that Mao Zedong had summoned Zhang Yufeng's younger sister to "enter the palace" were also a laughing stock in Beijing.

#### Rumors About "Entry Into the Palace" of Zhang Yufeng's Younger Sister

Reportedly, in order to get Zhang Yufeng to stay "in the palace," Mao Zedong summoned her younger sister to Zhongnan Hai to give her an additional companion.

When meeting foreign guests during 1975 and 1976, Mao Zedong had two young women support him, and the RENMIN HUABAO (PEOPLE'S PICTORIAL) carried photographs of such a "style of meeting." The two women were Zhang Yufeng and her sister. The two of them look very much alike, particularly their large eyes, flat noses, and slightly wide mouths. Yufeng is a little chubbier, and seemingly more mature.

Naturally Zhang Yufeng's younger sister had to have a title in order to "enter the palace," so Wang Dongxing arranged for her to become a "health care secretary" since Zhang Yufeng was too busy. A file was set up in the Central Committee Office, and each month she received a salary. Zhang Yufeng only functioned as a confidential secretary.

Of course, the thing that is most discussed in all the rumors is Zhang Yufeng having two children for Mao. As was said earlier, this rumor is probably not true.

Although Zhang Yufeng found favor for a time, she became a victim in the end. Victims of despotism and the "Cultural Revolution" sympathize with her misfortune.

#### Biographic Data for Mao Zedong's Daughter 40050252 Hong Kong CHAO LIU [TIDE] in Chinese No 23, 15 Jan 89 pp 27-29

[Article by Li Kang 0448 1660: Jiang Qing's Daughter, Li Na 2621 6077 Appears at Mao's Mausoleum. Remarried an Old Bodyguard Not Long Ago"]

[Text] The 26th of December was Mao Zedong's 90th birthday. Former Chinese Communist Central Committee Chairman, Hua Guofeng, who had not been seen for a long time, went to Mao Zedong's Memorial Hall to pay his respects. Mao Zedong's son, Mao Anqing [3029 1489 7230] and his wife, Liu Shaohua [0491 6730 5478]; his eldest daughter, Li Min [2621 2404], and her husband Kong Linghua [1313 0109 5478]; his second daughter, Li Na, and her husband Wang Jingqing [3769 2529 3237], and his grandson Mao Yuxin [3029 1342 3237] also visited the memorial hall to view Mao's remains. The news photograph shows Li Na to be the very image of Jiang Qing.

Mao Zedong's several sons and daughters are the children of his successive wives, Yang Kaihui [2799 2799 7030], He Zizhen [6320 1311 3791], and Jiang Qing. The first two children are dead, and Jiang Qing remains locked up at No 1 Qincheng in Beijing. Recent reports state that she is actually still in prison and being treated for an illness at the 301 Hospital of the General Logistics Department.

*Li Min is the last child that He Zizhen bore for Mao. She formerly worked in the "State Council" State Science and Technology Commission, but she is now a cadre in the General Political Department. Her husband, Kong Linghua [1313 0109 5478], is Director of the Propaganda Bureau in the Beijing Weishu District Political Department. His father, Kong Congzhou [1313 1783 0719], was formerly deputy army commander of the Nationalist 38th army, with the rank of Major General. In 1946, he went over to the Communists in Henan, later becoming an artillery commander in the Chinese Communist Southwest Military Region, director of the Academy of Artillery and Engineering Technology, and a deputy artillery commander. Of Mao's several children, it was Li Na who became embroiled in Jiang Qing's activities. She was given a "separate trial," and though she was subsequently allowed freedom of movement, she appears only extremely rarely. On the occasion of her recent visit to Mao's memorial hall, Chinese Communist broadcasting agencies issued a news dispatch and photographs for the first time in more than 10 years. This occasioned speculation among some people on the mainland. Some people wondered whether she might be "staging a comeback" like Wang Hairong [3769 3189 1369]. Wang Hairong is a relative of Mao Zedong, the granddaughter of Wang Jifan [3769 1323 5400], the dean of the former Changsha Normal School (Mao's alma mater) in Hunan, who has re-emerged as deputy director of the Counselors Office of the State Council.*

### Chief Bodyguard Acts As Matchmaker in Remarriage to Wang Jingqing

Mao Anqing and Li Min were rejected by Jiang Qing for a long time, so following the downfall of the "gang of four," they did not become involved in the case. The same was not true for the 48 year old Li Na. She was closely associated with Jiang Qing, and she was involved in the infighting among high level Chinese Communists. Consequently, after Jiang Qing lost power, she also came to grief.

*Li Na, who has been divorced for a long time, led a lonely life and was wracked with illness. She had no companion until she remarried in 1987.*

Her second husband, Wang Jingqing, is more than 60 years old. Once a guard in the Chinese Communist "Central Security Regiment," he subsequently was transferred to a job in a sub-region of the Kunming Military Region. Before his retirement in 1988, he was chief-of-staff in the military sub-region, at the deputy division cadre level, which is equivalent to administrative grade 13, the lowest of high level Chinese Communist cadre grades (The highest is grade 1 held by the State Council ministers, deputy ministers holding grades 4 through 8).

Wang Jingqing met Li Na through Li Yiniao [2621 6892 2890] in the role of matchmaker. Li Yiniao was formerly Mao Zedong's chief bodyguard, and later he served in Chinese Communist high level cadre political security units. After Li Na was born in Yanan in 1940, Li Yiniao and his wife took care of her and had a deep attachment to her. They very much sympathized with her misfortunes following divorce.

During a temporary duty assignment in Beijing in 1986, Wang Jingqing visited Li Yiniao and talked to him about his own sadness at being divorced. He indicated that he would like to "find another mate." So it was that Li Yiniao introduced Li Na to him. After more than a year of visiting back and forth, Li Na and Wang Jingqing were married in Beijing. Since Li Na had long been a "political pariah," naturally a wedding reception was out of the question. There was only a single table feast. The former director of the Chinese Communist Central Committee Office who had been in charge of the Central Guard Regiment, Yang Shangkun, gave several boxes of candy and a set of bed sheets.

Following the marriage, Li Na lived at Zhongnan Hai in the dormitory for "agencies directly under the central government," and Wang Jingqing remained in Yunnan. In 1988, Wang Jingqing retired from the Chinese Communist armed forces and found an assignment in Beijing as a "market controller," and they remained together thereafter.

Reportedly, Wang Jingqing received tens of thousand yuan in retirement pay when he retired from his deputy division level position, and his present job pays a little more than 100 yuan per month. The couple, plus Li Na and her children by a former husband, are managing rather well.

Although more than 60 years old, Wang Jingqing is still very vigorous. During his spare time, he paints and practices calligraphy. Sometimes, he accompanies Li Na on visits to the jail at No 1 Qincheng to see Jiang Qing. In jail, Jiang Qing often writes characters with a brush to while the time away, and she is very happy that her son-in-law likes painting.

### Why Mao Zedong's Daughter is Named Li Na

Why does Li Na have the surname Li and the given name Na? There have been many rumors about this. Since the households of high level Chinese Communist cadres are shrouded in mystery, and since both members of such households and their backgrounds fall within the purview of "security matters," very many rumors circulate privately among the people. During the beginning of the "Cultural Revolution," a foreign report said that Li Na [2621 4780] (the Na [4780] being a mistake for Na [6077]) was the daughter of Jiang Qing and Tang Nasheng [0781 4780 3932], (hence the given name Na). Tang was Jiang Qing's lover in Shanghai during the 1930's. He left for Paris where he opened a Chinese restaurant, and he died not very long ago. Actually, Li Na was born long after Jiang Qing and Tang Na had parted.

Li Na's surname of Li is also rooted in Chinese Communist so-called "security reasons." Jiang Qing's original name was Li Yunhe [2621 0061 7729]. During the 1930's when she was a third and fourth rate movie star, she called herself Lan Ping [5663 5689]. After marrying Mao Zedong in Yanan in 1938 or 1939, she changed her name to Jiang Qing (Green River). This is an adaptation that Mao made of a Tang poem, "Along the River, Numerous Peaks Are Green." During the early 1950's, when Jiang Qing was deputy director of the Literature and Art Office of the Chinese Communist Central Propaganda Department, she used the name Li Jin [2621 6651] at work and when she led the "Military Training Investigation Regiment" into the countryside. Later, her photographic works were also released under the name of Li Jin. Li Na kept her mother's surname, using it when she went to school or for "security" reasons. In 1947 when the Nationalists attacked the Communist army and the Communist army retreated from Yanan, Mao Zedong used the name Li Desheng [2621 1795 0524] along the route of retreat, this name having the same sound as the characters for "departing but bound to be victorious," or possibly he used the name Li because it had been Jiang Qing's original surname.

*The given name Na [6077] is the na of muna [2606 6077] meaning wooden and slow in speech, or impassive. The "Analects of Confucius" say: "The superior man values slowness in speech, but quickness in action." Mao chose Min [2404], meaning quickness, and Na [6077], meaning slowness in speech, as the formal names of his two daughters. Before being given a formal name, Li Min's childhood name was Jiaojiao [1293 1293], and Li Na's childhood name was Didi [1279].*

When Li Na was a child, she did not like to talk. She was a little impassive, and this is where her given name "Na," or slow in speech came from.

#### In Charge of "Liberation Army News" at Age 27

In 1962 or 1963, Li Na graduated from the history department of Beijing University. After the "Cultural Revolution" broke out in 1967, she took part in the Chinese Communist power struggle under the pseudonym Xiao Li [5618 0500] (a homophone of the words for Little Li).

As a result of her reliance on Mao Zedong and Jiang Qing, she "rose like a helicopter" becoming the person in charge of JIEFANGJUN BAO [LIBERATION ARMY NEWS], and was, in fact, the editor-in-chief. JIEFANGJUN BAO is the official organ of the Central Military Affairs Committee, and the position of editor-in-chief is equivalent to that of deputy director of the General Political Department of the Chinese Communist armed forces. The pre-"Cultural Revolution" editors-in-chief, Ouyang Wen [2962 7122 2429] and Tang Pingzhu [0781 1627 6999] were major generals. For Li Na to be in control of "JIEFANGJUN BAO" at only age 27 and without any experience in the armed forces stemmed entirely from her family connections.

*During the "Cultural Revolution," Mao Zedong made heavy use of family members having no political foundation or prestige to carry out important Chinese Communist duties. Among them was Jiang Qing, who was a member of the Chinese Communist Politburo, First Deputy Director of the Central Cultural Revolution Group, and Armed Forces Cultural Revolution Group advisor. His nephew, Mao Yuanxin [3029 6678 2450], a high ranking cadre shortly after graduation from college, becoming the Liaoning Provincial CPC Committee secretary, and Shenyang Military Region commissar. His wife's relative, Wang Mantian [3769 2581 1815], the "tyrant of Tianjin" became Tianjin CPC Committee secretary, deputy director of the Revolutionary Committee, commissar of the Tianjin Garrison District, and "Deputy Minister of Culture." Another relative on the distaff side, Wang Hairong, "rose like a helicopter" from translator to department director in the "Ministry of Foreign Affairs," to the assistant to the minister, and to deputy minister. Mao's eldest daughter, Li Min, exercised control over the Science and Technology Commission. In view of these circumstances, Li Na's direction of "JIEFANGJUN BAO" was very natural.*

#### Subornation of Feng Youlan [7458 0645 5695] Wins Jiang Qing's Praise

After taking control of "JIEFANGJUN BAO," Li Na conducted a major purge of cadres in the Chinese Communist forces in line with the wishes of Mao Zedong and Jiang Qing. Zhu De, He Long, and the director of the General Political Department, Xiao Hua [5618 5478] all came under siege from Li Na and her "rebellion making" organization in close cooperation with the Lin Biao clique.

Following the Lin Biao incident of September 1971, Li Na gave up completely her connection with JIEFANGJUN BAO and went to work in the "Jiang Office", i.e., Jiang Qing's Office. Each of the high ranking Chinese Communist cadres had an office, which were referred to as the "Mao Office," the "Zhou Office," the "Kang Office," etc. The "Jiang Office" was Jiang Qing's office. There, Li Na maintained contact with forces in all walks of life on behalf of her mother, and the thing that made Jiang Qing most happy was her subordination of Professor Feng Youlan of the Philosophy Department at Beijing University.

*Ever since 1973, when Mao Zedong launched the campaign to "Criticize Confucius," pressure had been exerted against the Zhou Enlai faction. Jiang Qing organized numerous writings group to "Criticize Confucius" and "Criticize the Duke of Zhou" such as the "Liang Xiao" group. While a student in the history department at Beijing University, Li Na had monitored a course given by Feng Youlan, and she knew that he was "spineless," so she persuaded him to become an advisor for the "Liang Xiao" group, to give Jiang Qing some ideas for "finding sanction for present day criticism in the past." Feng Youlan was so overwhelmed with gratitude that he wept, and he composed a poem extolling Jiang Qing as a "modern day Empress Lu" [of the Han Dynasty]. The poem read, "The public says that Gaozu's accomplishments are great; his resourcefulness stems greatly from Empress Lu." [Gaozu was the first emperor of the Han Dynasty. His mother, the Empress Lu, became the real ruler of China following his death.] Several years later, sensible intellectuals privately referred to him as the "shameless one in the four bigs" [shameless in speaking out freely, shameless in airing views fully, shameless in holding great debates, and shameless in writing big character posters" among cultural circles.]*

#### Marriage Suffers Setbacks; Mental Abnormality

In October 1976, Jiang Qing was jailed, and Li Na was also "separately tried" for a period of time, after which she registered her name in an "organization under direct jurisdiction of the central government" from which she collected a sinecure. She continued to live in Zhongnan Hai, but she no longer lived in the house where Mao Zedong and Jiang Qing had lived, but rather in quarters "under direct jurisdiction of the central government."

During the period when she had been at "57 Cadre School," she married a high ranking cadre's son, who had been "sent down to the countryside." But Jiang Qing was unhappy about the marriage and broke it up. Subsequently, Li Na's mental condition was abnormal for a time. Mao's death and Jiang Qing's fall from power struck a major blow at her, and reportedly she became deranged. Later on, her old illnesses returned. Mao Anqing, her elder brother by a different mother, was once treated at Dalian for a mental disorder; therefore, Beijing residents secretly say that "Old Mao's family produced two lunatics."

She had never gotten along with Mao Anqing and Li Min, and had even less to do with them during her period of trials and tribulations, so naturally she was very lonely. After marrying Wang Jingqing, she has a companion, and her life is better.

### China's Political Reform Viewed

#### A Tortuous Road

40050230 Hong Kong CHIUSHIH NIENTAI [THE NINETIES] in Chinese No 227, Dec 88 pp 55-57

[Article by Qi Xin 7871 6580: "Communist China's Political Reform: A Tortuous Road"]

[Text] The CPC talked about reforming the political system for the first time in 1980. China's rural economic reform, which began after the 3d Plenary Session of the 11th CPC Central Committee, was in its second year. Although the problems faced by the rural economic reform were relatively few, they were enough to make the CPC feel the hindrance posed by the political system. On 18 August 1980, Deng Xiaoping made a speech at an enlarged meeting of the Political Bureau of the CPC Central Committee, entitled "On the Reform of the System of Party and State Leadership." In September, the speech was issued to units at the county and regimental level throughout the country as CPC Central Committee document No 66. It was included in the "Selected Works of Deng Xiaoping," published in 1983.

#### Political Reform Program—The "18 August" Speech

In the document known as the "18 August" speech, Deng Xiaoping emphatically criticized the leadership and cadre systems of the party and state. He pointed out that the major problems were bureaucracy, overconcentration of power, patriarchal methods, life tenure in leading posts, and privileges of various kinds.

Deng Xiaoping felt that all these problems were related to the systems. He said: "It is true that the errors we made in the past were partly attributable to the way of thinking and style of work of some leaders. But they were even more attributable to the problems in our organizational and working systems. If [these] systems are sound, they can put restraints on the actions of bad people; if they are unsound, they may hamper the efforts of good

people or indeed, in certain cases, may push them in the wrong direction. I do not mean that the individuals concerned should not bear their share of responsibility, but rather that the problems in the [leadership and organizational] systems are more fundamental, widespread, and longlasting." (Note: Words in brackets in the quotations were added when the speech was included in the "Selected Works of Deng Xiaoping.")

With regard to bureaucracy, Deng Xiaoping held that it is "closely connected with our highly centralized management in the economic, political, cultural, and social fields," and that another cause of our bureaucracy is that "for a long time we have had no strict administrative rules and regulations and no system of personal responsibility from top to bottom."

Overconcentration of power "is connected to the influence of feudal autocracy in China's own history and also to the tradition of a high degree of concentration of power in the hands of individual leaders of the communist parties of various countries at the time of the Communist International."

Patriarchal ways "place individuals above the organization, which then becomes a tool in their hands." Although we had a tradition of democratic centralism in the past, this tradition has not been upheld, nor has it been incorporated into a strict and perfected system.

Tenure for life in leading posts is linked to "the continued absence of proper regulations in the party for the retirement and dismissal of cadres." Deng proposed that life tenure in leading posts be abolished in the revised party constitution.

Cadre privileges refer to political and economic prerogatives not provided for by law or existing regulations. To eradicate privilege, it is imperative to solve problems relating to rules and regulations. It is necessary to establish a system of mass supervision and (to have specific organizations to exercise impartial supervision).

In addition to the need for rules and regulations to solve the previously mentioned problems, Deng Xiaoping also proposed six reform measures. (The fourth measure was deleted when the speech was included in the "Selected Works of Deng Xiaoping.")

The first measure was to revise the constitution. "The principle of forbidding the overconcentration of power will also be reflected in the revised constitution." The second was for the CPC Central Committee to establish an advisory commission, in addition to the discipline inspection commission which was already established. "Consideration should be given to setting up corresponding organizations in the State Council." The third was to separate the party from the government "to set up a truly effective work system from the State Council down to the local governments at different levels." The fourth was to change the system in which the factory

director assumes full responsibility under the leadership of the party committee to a system in which the factory director assumes full responsibility under the leadership and supervision of the factory management committee and the board of directors. The fifth was to set up congresses of workers and staff members in all enterprises and institutions. The congresses "have the right to discuss and make decisions on major issues concerning their own units." The sixth was for "party committees at all levels to apply in earnest the principle of combining collective leadership and division of labor with individual responsibility."

#### The Geng-Shen Reform—A Concrete Political Reform Plan

On 25 October 1980, Liao Gailong [1675 5556 7127], a researcher of the CPC Central Committee Policy Research Center, put forward a concrete reform plan based on the spirit of Deng Xiaoping's "18 August" speech.

The plan was presented in the 4th part of a 60,000-word speech made by Liao. He pointed out that 1980 was the year of geng-shen [1649 3947] on the lunar calendar and named the tentative political reform plan the "geng-shen reform plan."

First of all, Liao Gailong summarized the objectives of the political reform as "a high degree of democratization." The crux of the "geng-shen reform plan" was to "realize the democratization of the party and state." He revised Mao Zedong's idea that "democracy is a means," maintaining that "democracy is not only a means but an objective," the "ultimate objective."

On the matter of national politics, the "geng-shen reform plan" suggests that the NPC be reduced in size from more than 3,000 to 1,000 deputies and turned into a permanent organization with two chambers. One of the two chambers will be the regional chamber, and the other the social chamber. The former will be formed by regional representatives, about 300 of them, and the latter will be formed by various social classes and strata with about 700 deputies. The two chambers will make laws jointly and check and balance each other. The NPC should meet twice each year, and should have a standing body with 60 to 70 members to replace the present NPC Standing Committee which has more than 300 members. Deputies on the standing committee should serve full time and should not hold other jobs. The two chambers should also set up various special committees, such as economic, finance, and labor committees.

The party should be separated from the government. All government work should be discussed and decided upon, and relevant documents should be issued, by the State Council and the local governments concerned. All government work should be handled by the government independently and responsibly.

The trade unions, CYL, women's federations, science and technology associations, federations of literature and art, and other mass organizations should cease to be run by the party. Mass organizations should represent the masses' interests and should not be "party-dominated" or "government-run." Trade unions should protect the workers' interests, and their leaders should be elected by the workers. Also, it is necessary to set up independent peasant associations to protect the interests of the peasants.

In the area of public opinion, "the party has decided in principle to keep the people informed of all situations," and "we should permit, ask, and encourage the media, reporters, and commentators to report the news, publish letters from the masses, and make comments independently and responsibly."

It is necessary to reform the leadership system of enterprises and institutions. The party's leadership should be political leadership, and not taking over the management work and routine administrative functions. The enterprises and institutions should be democratized. Congresses of workers and staff members should be established in all of them. The congresses should have the right to propose to higher authorities the recall of incompetent leading personnel of their units and to elect their leaders within proper limits.

The party should have three central committees. The present central committee should become the central executive committee, and two other committees, the central discipline inspection committee and the central advisory committee, should be established. The three should be mutually supervising and restraining. The State Council, too, should set up supervisory and advisory bodies. A standing committee should be set up under (not over) the central executive committee, and there will be no political bureau. The standing committee and the secretariat will handle the day-to-day work.

Party committees and leading organs at all levels should make decisions by majority vote. Each member will have one vote, and the first secretary will no longer have the final word.

The following principles should be established in the revised party constitution: 1. The party's place in the life of the country should be clearly defined, and its leading authority should have specific limits. 2. Mutual supervision should be strengthened between the party and other parties and the masses. 3. The party's democratic centralism should be perfected. Party members at lower levels are subordinate to those at higher levels only in work. They are equal in all other respects.

#### Call for Political Reform in 1986

The "geng-shen reform plan" drafted according to the guidelines of Deng Xiaoping's "18 August" speech is so far the most comprehensive, specific, bold, and thorough

political reform plan the CPC has ever put forward. However, the draft revision of the party constitution based on this plan was not adopted in 1981. The new party constitution adopted by the 12th CPC National Congress in 1982 and the new state constitution adopted the same year all fell far short of the goals set by the "geng-shen reform plan." The principles embodied in the "geng-shen reform plan" were: 1. abolition of life tenure for leading cadres; 2. separation of party from government; and 3. establishment of a democratic checking mechanism. These principles were almost totally ignored. Even the retirement of cadres applied only to those below the minister and department-head level, and did not touch those at the top.

In October 1984, the 3d Plenary Session of the 12th CPC Central Committee adopted a "decision on reform of the economic structure" to extend the economic reform to the cities and "accelerate the restructuring of the national economy as a whole, with the focus on the urban economy." As a result, the economy went out of control in 1984 and 1985. The chaotic conditions of the SEZs, Hainan Island, and the 14 open coastal cities further exposed the problems in the political structure. In 1986, top CPC leaders again called for political reform. In June and July 1986, the subject was mentioned by Hu Qili, Zhao Ziyang, Yan Mingfu, and even Deng Xiaoping. Yan Mingfu said: "Whether all our reforms can succeed ultimately depends on the reform of the political system." Yan Jiaqi [0917 1367 0366], director of the Political Science Institute, the Chinese Academy of Social Sciences, suggested that the political reform be carried out in two steps. The first step is to reform the administrative system, and the problem of overconcentration of power mentioned in Deng Xiaoping's "18 August" speech should be tackled in the second step.

#### A Small Step Taken by the "13th Party Congress"

But even administrative reform was not possible in 1986. The 6th Plenary Session of the 12th CPC Central Committee, held at the end of September 1986, adopted a "resolution on the guiding principles for building a socialist society with an advanced culture and ideology," and the political reform plan was shelved. Earlier in September of the same year, Deng Xiaoping said at a meeting with a Japanese visitor, "As the economic reform proceeds, we feel keenly the need to reform the political structure." But he also said that "there will not be enough time" to discuss political reform at the 6th Plenary Session of the 12th CPC Central Committee, and that "the content of the reform of the political structure is now under consideration." The content of political reform was already spelled out in Deng Xiaoping's "18 August" 1980 speech. Obviously the question was not what but how much to reform.

The shelving of political reform at the end of September 1986 led to the street demonstrations of college students toward the end of the year, who wanted to "speed up" the political reforms. The student demonstrations in

turn caused the conservatives and old revolutionaries to launch a movement against liberalization. After a sharp and complicated struggle between the reformers and the conservatives which went on for the greater part of 1987, the 13th CPC National Congress, which took place toward the end of October 1987, finally decided to go ahead with political reform. In his report to the 13th CPC National Congress, Zhao Ziyang still affirmed that China's "basic political system is good. However, there are major defects in our system of leadership, in the organizational structure, and in our style of work." The 13th CPC National Congress put forward the following steps for the "self-improvement" of the "leadership system": 1. separating party from government, and 2. establishing a public service system in place of the cadre system.

These two steps were suggested in no uncertain terms at the 13th CPC National Congress. However, more than a year has gone by, and no concrete law or regulation has yet been introduced, much less enforced.

China's road of political reform is indeed long and tortuous. Perhaps real progress can only be made by the force of natural replacement, as it has been in the Soviet Union.

#### Gao Fang on Reform

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[Interview with Professor Gao Fang 7559 2397, director of the China People's University Institute of International Politics, on 1 November 1988 at the Chinese University of Hong Kong, by Li Yi 2621 1837, of the CHIUSHIH NIENTAI magazine: "Suggestions From One Who Participates in the Planning—Gao Fang on Political Reform"]

#### [Text] Foreword

Professor Gao Fang, director of the China People's University Institute of International Politics, recently paid a 4-week visit to Hong Kong at the invitation of the Chinese University of Hong Kong. On 1 November, this magazine interviewed Professor Gao at the university. The talk was mainly on the reform of China's political structure.

Professor Gao is also vice president of the Chinese Political System Research Association and a board director of the Chinese Political Science Society. His positions and duties have enabled him to gain a deeper and more realistic understanding of China's political reform. During the interview, he talked in detail about the twists and turns China has experienced in the course of its political reform since Deng Xiaoping first spoke on "the reform of the system of party and state leadership" in 1980. In short, as the economic reform proceeds, the need to reform the political structure is keenly felt, but

the political reform is often shelved because its importance is not fully understood and because it affects the interests of some people. And while the political reform is being shelved, the economic reform often moves further ahead, leading to even greater problems. Since the economy went out of control in 1985, there has been a pressing need for political reform. This year's price reform attempts have brought the problems in the political structure into even sharper focus.

From his studies on international politics, Professor Gao has also gained a deep understanding of the reforms in the Soviet Union. During the interview, he talked about the Soviet Union's experience in economic reforms over the past 30 years and more, the characteristics of Gorbachev's reforms, and how they compare with China's reforms. His observations were succinct, incisive, and to the point.

Professor Gao's duties also include "giving counsel" on China's political reform. Therefore, the steps and practical measures for political reform suggested by him are quite feasible, as they reflect the thinking of China's ruling stratum and are based on China's realities.

#### **Breaking Away From Mao's Theories in 1978**

[Question] Will you please introduce yourself?

[Answer] I was born in Fujian. After graduating from the Ying Hua Middle School in Fuzhou in 1946, I passed the entrance examination and was admitted to Beijing University. Later on, I went to the liberated area and enrolled in Beifang University. After the capture of Beijing, I began to work. When China People's University opened in 1950, I went there to teach political science. At that time, political science meant Marxist-Leninist theories and the history of the Communist Party of the Soviet Union. In 1956, I began to teach and do research on international politics.

[Question] Did the split between China and the Soviet Union begin at that time?

[Answer] The split between China and the Soviet Union began after the 20th congress of the CPSU (1956) and became public at the Bucharest meeting in the early 1960's. Before the Bucharest meeting, a World Federation of Trade Unions council meeting was held in Beijing, and the split in the communist world was quite obvious by then.

[Question] You began to study the problems of the communist world then. How do you see the problems of that time from today's viewpoint?

[Answer] At that time, we took note of the Stalin issue, the Hungary incident, the Yugoslavia question, and the question of peaceful transition. We can see very clearly now that our viewpoints at that time were rather conservative.

[Question] Was it mainly because of Mao Zedong's influence?

[Answer] Very much so. He held that by advocating peaceful transition, the 20th congress of the CPSU discarded "two swords": one was Lenin and the other Stalin. In fact, the suggestion of peaceful transition at that time was based on the consideration that the actual conditions in the world had changed.

[Question] Did you say so at that time?

[Answer] Yes. That's why I was severely criticized during the 1957 anti-rightist campaign. At that time, the theory of peaceful transition was not yet publicly repudiated. It was, however, discussed within the party, and I was criticized for supporting the viewpoints of Khrushchev and Togliatti. In fact, peaceful transition was not suggested by Khrushchev alone, but was agreed upon by the communist parties of most countries. But, the belief in China then was that capitalism remained unchanged, that social polarization was continuing, and that class struggle was becoming more acute. Actually in the developed capitalist countries after World War II, class contradictions were gradually easing up, the middle class was growing rapidly, and the status of the working class was greatly improved. Judging by the views of the Italian communists at that time, they must have already sensed the changes, as Italy is in western Europe.

[Question] Is it true that Mao's influence was only broken at the 3d Plenary Session of the 11th CPC Central Committee in 1978?

[Answer] The 3d Plenary Session of the 11th CPC Central Committee put the emphasis on emancipating the mind and seeking truth from facts, the gist of which was to recognize that "practice is the sole criterion of truth." This point was stressed at the time for the very purpose of refuting the mistakes Mao made in his later years. It was because at that time the "whatever faction" still blindly followed Mao's words that the 3d Plenary Session of the 11th CPC Central Committee called for emancipating the mind and seeking truth from facts in order to break away from the confines of Mao's ideas.

#### **Political Reform Suggested by Deng in 1980**

[Question] The CPC began to introduce reforms after the 3d Plenary Session of the 11th CPC Central Committee, but it seems to have faced strong resistance ever since. What is the real problem?

[Answer] I think there are two problems. One is a question of understanding, and behind the question of understanding is the other problem, which is a matter of interests. If it is only a question of understanding, it can be solved by reasoning. But a problem of interests is different. What you say makes sense, but it infringes on my interests, and I won't buy it. It is interesting to study the course of China's political reform.

[Question] How do you view the course of reforms since the 3d Plenary Session of the 11th CPC Central Committee?

[Answer] The 3d Plenary Session of the 11th CPC Central Committee, held toward the end of 1978, did not explicitly call for reform of the political structure, but hinted at it. The call for emancipating the mind and seeking truth from facts was motivated by lessons learned from Mao's mistakes in his later years. The rural economic reform and the contract system were introduced in 1979. Even the contract system was met with strong resistance, particularly from the higher levels. It was mainly a question of understanding. The rural reform had no immediate effect on the interests of cadres, and their treatment remained the same. Because it was mainly a question of understanding, it was resolved rather easily. Cadres who were not convinced at first turned believers in 2 or 3 years. In 1983, a decision was made to disband the people's communes. If the same decision was made in 1979, the resistance would have been overwhelming.

As the rural reform progressed, the need to reform the political structure became obvious. That was the reason for Deng Xiaoping to make the speech on reforming the system of party and state leadership at the enlarged meeting of the Political Bureau of the CPC Central Committee on 18 August 1980. It was a very important speech, a programmatic document. It showed an awareness of the need to precede socialist reforms with the reform of the political structure. The term "structure" was not used then, and the call was to reform the "system." The term "system" actually sounds more fundamental. Deng made some very sharp observations. He said that systems are more important than people, because if the systems are sound, they can place restraints on the actions of bad people, and if they are unsound, they may hamper the efforts of good people or even push them in the wrong direction. For example, the system, which permitted Mao in his later years to hold on to his positions for life, designate his own successor, and exercise highly centralized powers, is no good. Based on the idea in Deng's "18 August" speech, the 5th Plenary Session, held in 1980, adopted a resolution to abolish life tenure for leading cadres. If the idea was put into practice, the reform of the political structure would have proceeded in close coordination with the economic restructuring and played a guiding role.

[Question] Was Liao Gailong's geng-shan reform plan conceived with the same background?

[Answer] The geng-shen plan was a more specific reform plan. It also made references to trade unions, peasant associations, the media, and so forth. The main purpose was to give the mass organizations greater independence so that they could supervise the party and state organs, instead of functioning purely as tools for implementing the party's policies. In fact, the reform of the party leadership system had its beginning in 1980 when a new

party constitution was being drafted for the 12th CPC National Congress. In that draft party constitution, provisions were made to set age limits for central committee members and terms of office for leading cadres. It also provided for restoring the party congress as a permanent body to meet twice, instead of once, every 5 years. But the draft party constitution was rejected when it was presented for discussion. The problem was obvious. If the draft was adopted, many people would be excluded from the central committee, or their terms of office would be limited. Some felt that to hold party congresses more often would only give people more opportunities to express their opinions and criticize the central committee. Therefore, the party constitution adopted by the 12th CPC National Congress in 1982 was very different from the 1980 draft. I think that was a retrogression. Deng's ideas in 1980 included establishing a retirement system, abolishing life tenure, and setting limits to terms of office. But none of these ideas was adopted by the 12th party congress. Only an "advisory commission" was created. There had been no plan to set up such a commission. But some old cadres did not want to retire despite their age, and the central committee could not accommodate all of them. That's why the advisory commission was created as an interim body before the abolition of life tenure.

[Question] How long will this interim body last?

[Answer] Two terms, or 10 years, was what was proposed then. Now it seems that two terms will be the minimum. Whether life tenure can be abolished by the time the 14th party congress convenes is still too early to tell.

#### **Renewed Call for Political Reform After 1985 Economic Problems**

[Question] Little progress was made in political reform after the 12th party congress, and the subject was not brought up again until 1986. What were the consequences?

[Answer] I think that the 12th party congress failed to take any significant step toward reforming the political structure. But the economic reform continued to advance in big strides after the 12th party congress. The decision made by the 3d Plenary Session of the 12th CPC Central Committee in 1984 on reform of the economic structure was, in my view, too ambitious and uncoordinated with reform of the political structure. In 1984, the whole party was not quite prepared ideologically, much less ready practically, to deal with such a major issue, such a radical change in socialist concept, as the development of a socialist commodity economy. Nevertheless, the CPC Central Committee all of a sudden made the decision for the whole country to develop a socialist commodity economy. As a result, everyone went into business, and the entire economy went out of control, including imports, consumption funds, capital construction, credit, prices, and transportation. One should know that the commodity economy of the West

has taken several hundred years to develop, but China tried to develop a commodity economy overnight without corresponding reforms in the political structure. As a result, official merchants and bureaucratic racketeers have appeared. With the economy getting out of hand, there was no other choice but to slow down in 1985. However, many things had already been done, and it was impossible to undo all of them.

[Question] Was the confusion caused by the hasty economic reform what prompted the leaders to again call for political reform?

[Answer] After problems in economic reform cropped up in 1984 and 1985, the leaders again felt the pressing need to reform the political structure. Early in 1986, Deng Xiaoping spoke on reforming the political structure. On 1 May, Hu Qili made a speech to spread Deng's ideas to the whole country. This time, the phrase "reform of the political structure" was used, substituting the word "structure" for "system." At the same time, emphasis was placed on coordinating the political structure with the economic structure. This new phrase was used because it was felt that the lack of coordinated reform in the political structure had caused many problems to the economic reform, making it difficult to go on. The whole country was excited by the call for the reform of the political structure. Meetings were held in Beijing and other provinces and cities, and many suggestions were made. It was unavoidable that some of the suggestions went too far. Then there were the student strikes toward the end of 1986. The central authorities believed that the students were making trouble because they were influenced by ideas of bourgeois liberalism, and restrictions were imposed. After a while, the appropriateness of the restrictions came into question. So in May 1987, Zhao Ziyang said in a speech that the reforms should not be affected by the fight against bourgeois liberalism.

After May 1987, the subject of reforming the political structure was again brought up, and Deng Xiaoping's 18 August 1980 speech was published for a second time on 1 July. It was rather unusual. The 18 August speech was published long ago and already included in the "Selected Works of Deng Xiaoping." Why was it published again? It was to heighten the awareness of the whole country of the need to reform the political structure. It was even planned to adopt a resolution on the reform of the political structure. There was a resolution on reform of the economic structure and another on building a spiritual civilization, but no formal resolution on reforming the political structure. However, there are many plans for reforming the political structure which need to be further studied, and that's why no formal resolution has yet been made. Nevertheless, the reform of the political structure was given a prominent place in Zhao Ziyang's report to the 13th party congress.

[Question] But despite all the talk about reforming the political structure, many of the things proposed in the 18 August speech still have not been accomplished.

[Answer] That's true. The 18 August speech called for abolishing life tenure for leading cadres and establishing a retirement system. However, the retirement system which has been put into effect applies only to the lower levels, and not to the higher levels. At the lower levels, it is stipulated, men must retire at age 60, and women at 55, but there is no age limit for those at the higher levels. It is not well received by the country at large. Another example is the public service system. More than 10 or even 20 drafts have been considered, but it still has not been made formally into law. Instead, it will be promulgated as State Council regulations. New problems have also cropped up in separating party from government. Some people did not want the party separated from the government, but since the 13th party congress, the Central Committee has made it clear that the party must be separated from the government. In the process of separation at the lower levels, party committee secretaries have, in some cases, turned themselves into factory managers and, in other cases, engaged in a power struggle against factory managers. Even at the provincial level, the secretary of the provincial party committee in some provinces still wields more power than the provincial governor.

#### Price Reform in 1988 Without Approval by NPC

[Question] It has been 8 years since political reform was proposed in 1980. Why has it been so difficult in so many places? Can you sum it up?

[Answer] I think that the 13th party congress summed it up very well. It showed that the people at the top have already recognized where the problems are. Zhao Ziyang said at the 13th party congress that the development of inner-party democracy should start from the Central Committee. The Central Committee should set an example and serve as a model. Your monthly recently reported that there is a popular saying: "Uphold party leadership—but it has no power." The version I have heard is: "Uphold party leadership—but it has failed to set an example." I think that it still has power. The trouble is that it has not set many good examples and cannot be taken as a model.

Take separating party from government for example. A decision was made to tackle the price problem, because "it is better to hurt now than hurt forever." However, this is a major issue concerning the vital interests of hundreds of millions of people. If it was the CPC Central Committee's idea, it should be submitted to the NPC for discussion. In fact, it was not discussed by the NPC, the NPC Standing Committee, or the State Council's executive meeting. It should have been proposed by the party as a principle, developed into a concrete plan by the State Council, and discussed and approved by the NPC. As you know, the Seventh NPC closed in April, but it had not been asked to discuss the price problem. Shortly after the close of the NPC session, the matter was brought up by the CPC Central Committee, and actions quickly followed. The prices of four nonstaple food items

were deregulated in May, and specific procedures were decided on at meetings in Beidaihe in July and August. Thus the Political Bureau of the CPC Central Committee acted without waiting for discussions by the NPC or the State Council. Wasn't this an example of the party's habitual way of substituting itself for the government? The attempt at price reform in May resulted in runs on banks and panic buying. By August and September, the State Council had to take emergency measures to check the trend. If the Political Bureau of the CPC Central Committee had the foresight, it should have proposed the principle for price reform to the NPC before March, and then the NPC could have discussed the matter as an important item on its agenda and decided on how the whole country should work together to solve the difficult problem. Therefore, it was not a well-considered decision, a result caused by the habit of substituting party for government. The party Central Committee meant well. It recognized the problems of the bureaucratic racketeers and the double-track price system, felt the urgent need for solutions, and went ahead to meet the challenge. However, the bureaucratic racketeers are a problem of the political structure. Without reforming the political structure, even when the double-track price system is changed into a single-track system, the bureaucratic racketeers will be active as usual. You see, when prices of tobacco and alcoholic beverages were decontrolled in May, the price of a bottle of Maotai immediately rose to 500 yuan in Beijing. Therefore, the problem of bureaucratic racketeers is primarily a problem of the political structure. At present, as there is no effective way to supervise and evaluate the officials, it is difficult to stop the bureaucratic racketeers.

#### Multiparty Cooperation More Realistic

[Question] You said that examples of reform should be set at the higher levels. Specifically what can be done as a first step?

[Answer] I think that the reform of China's political structure can only proceed from China's realities and at a level we can understand. It is impossible to achieve what is out of reach and beyond our understanding under China's present conditions. I have been criticized for this view by some Hong Kong newspapers and magazines. Some people say that politically China should follow the West and have several parties taking turns in running the government. But that is not feasible under China's conditions and unacceptable to many in China. I think what may work now is not several parties taking turns, but several parties cooperating under the leadership of the communist party. How can we promote cooperation among several parties step by step under the leadership of the communist party? First of all, the communist party should set an example in developing inner-party democracy, and next it should hold dialogues with the democratic parties on major issues and really accept good suggestions. If there is not much democracy within the communist party itself, it will be even harder for it to cooperate with the democratic parties. I have

made a series of suggestions about democracy within the communist party. First of all, the party's center of power should be the national congress and not the political bureau of its central committee. According to the Marxist party-building principle, the party congress alone is the party's organ of supreme power, and the central committee and political bureau are both executive organs and not organs of supreme power.

[Question] But the present organ of supreme power seems to be the Central Military Commission, or enlarged meetings or even regular meetings of the Political Bureau.

[Answer] That is the result of the party's irrational power structure. I published an article in 1986, in which I raised the question of how to rationalize the structure of political power. I pointed out that the party congress should be the organ of supreme power, that even the central committee should obey the party congress, and that to ask the whole party to submit to the central committee is to turn things upside down. The correct formulation should be: The whole party is subordinate to its national congress, and the local and departmental organizations are subordinate to the central committee. Next, it is necessary to promote democracy in society. The democratic parties should have the political status as participants in government, and not just as flower vases or appendages for display. Yet despite all the talk about "long-term coexistence and mutual supervision, treating each other with all sincerity and sharing weal or woe" with the democratic parties, they are not allowed to participate in running the government. They have nothing to do with the government's performance, good or bad, and weal or woe all belongs to the communist party. Thus the democratic parties have become mere decorations. In fact, the democratic parties enjoyed a higher political status in the early period of the People's Republic than they do now. At that time, three of the six vice presidents were persons without party affiliation or members of democratic parties; Huang Yanpei was one of the vice premiers; and 15 ministries in the first central government were headed by noncommunists. Later on, as the "leftist" line prevailed, the democratic parties' position in government went gradually downhill, and the 15 ministries headed by them dropped to 13, 10, 7, and finally none by the time of the cultural revolution.

In 1986, I suggested that a coalition government be formed by several parties under the leadership of the communist party, and that the democratic parties should play supporting roles in government. Some people criticized me in Hong Kong newspapers and magazines, denouncing what I said as absurd. According to them, all political parties should have equal status and should not be divided into major and minor parties. I think that is wrong theoretically and out of keeping with China's realities. Even under the multiple-party system of the West, a coalition government is often dominated by one party. In many Western European countries, a coalition government is formed with the leading party taking the

premiership and other parties getting the ministers' portfolios. In the early 1930's, Britain had a three-party coalition government with MacDonald as prime minister. Under the present conditions in China, if we want to develop democracy, we should first affirm the position of the democratic parties as the supporting parties in government because that is the way to help them grow in strength. This point is theoretically sound.

[Question] But the present democratic parties are unlikely to get anywhere. Some are even less democratic internally than the communist party. Some would even reject democracy, if democracy is offered them.

[Answer] It cannot be rushed. The democratic parties, too, cannot avoid being affected by unhealthy social trends. In fact, like the communist party, they also face the problem of succession to their leadership. Many of their older generation are in their 70's and 80's. In the past few years, the democratic parties have made considerable progress and developed quickly. Their ranks are growing. During the cultural revolution, they had a combined membership of a few tens of thousands. It has now increased more than tenfold.

#### What Is an Organ of Supreme Power

[Question] You said that the communist party should make the party congress its organ of supreme power. Is this provided for in the present party constitution?

[Answer] No. I did some careful research. Since 1922, the CPC has had two organs of supreme power. One is the party congress; when the party congress is not in session, the central committee becomes the organ of supreme power. In my opinion, as a principle, even when the party congress is not in session, it still is the organ of supreme power, and the party program, constitution, and resolutions adopted by it still must be implemented by the central committee. If the central committee becomes the organ of supreme power when the party congress is not in session, then by the same logic, the political bureau becomes the organ of supreme power when the central committee is not in session; when the political bureau is not in session, its standing committee becomes the organ of supreme power; when the standing committee is not in session, the chairman or general secretary becomes the organ of supreme power; and in the end, the whole party is subordinated to one person. A study of the CPC's history shows that the CPC's basic line has changed several times, but strictly speaking, none of the changes was in keeping with the party constitution, because none was approved by the party congress. For example, the 8th party congress was held in 1958. At the 10th Plenary Session of the 8th CPC Central Committee in 1962, Mao Zedong put forward the theory of taking class struggle as the key link, which in effect totally changed the line of the 8th party congress. I am afraid not many in the communist party can see this today.

Also, as the organ of supreme power, the party congress should meet every year. Because it now meets only once every 5 years, and many important matters cannot wait, the central committee and the political bureau have taken matters into their own hands. The annual-meeting system of the party congress was advocated by Marx and Engels, and it was followed conscientiously by Lenin in the first 6 years after the October Revolution. Who broke the annual-meeting system? Stalin did. When he was in power, the CPSU congress was held once in several and even more than 10 years, and he was the center of power when the CPSU congress was not in session. Although there was a Politburo, he created a five-men group which included himself and four others who merely followed his orders. That was entirely out of keeping with Marxism. Before all Works of Marx were translated, people probably did not know. But now all works of Marx have been translated. The Marxist party-building theory is very clear: The communist party congress alone is the organ of supreme power, and the central committee is only an executive organ. The CPC operated in an unusual way in its early years because it was impossible to hold party congresses regularly during the wartime. You see, before 1927, the CPC's central committee was called the central executive committee, meaning it should carry out the party congress's decisions.

[Question] In addition to the national congresses, the CPC also held a national conference in 1985. What is the difference between "national congress" and "national conference"? What does it mean by holding a national conference?

[Answer] I read some Soviet materials. It seems that they, too, did not see the problems in holding only one party congress every 5 years and the significance of the annual-meeting system. The 27th CPSU national congress was held on schedule. This year the CPSU held its 19th national conference. Many people are confused by the numbers. In fact, they represent two different systems in the communist party. The national conference is an organ of power between the national congress and the central committee, under the former and above the latter. These systems were established by Lenin. In those days, a CPSU national congress was held annually, and a CPSU national conference was held between two national congresses, forming a connecting link between them. Stalin discarded the annual meetings of both systems. This year the CPSU again held a national conference, obviously because it felt that the 5-year interval between national congresses is too long and that many important issues cannot be decided by the central committee alone. Besides the Soviet Union, Hungary and Yugoslavia also held a national conference in May and June this year, and the CPC held one in 1985. This shows that they have all felt that the party congresses are too far apart, but have not yet recognized the need to restore the annual-meeting system.

[Question] Will the annual-meeting system be enough to establish democracy in the party? The NPC is now meeting every year.

[Answer] That's why I have suggested that the party congress be made the party's organ of supreme power, with really elected delegates, allowing criticisms, motions, and debates, each delegate having one vote, and the minority submitting to the majority. People now often worry that the policies may change. Why? Because the communist party's policies can be changed easily. All it takes is to hold a central standing committee meeting or an enlarged political bureau meeting. The same is true with the reform of the state structure. The NPC should become the real organ of supreme power of the state. The present leaders still think that the whole country should submit to the CPC Central Committee. That is not right. Why should people who are not communist party members submit to the CPC Central Committee? Party leadership and subordination, though related, are two entirely different matters. Leadership refers to political principles, and subordination is a matter of discipline. Therefore, it is incorrect to say that the whole country should be subordinate to the CPC Central Committee. The correct formulation should be: The whole country is subordinate to the NPC. Even the CPC Central Committee should submit to the NPC. This is not contradictory to upholding the CPC's leadership. I think that major national policies, like price reform and wage reform, should be submitted to the full NPC for decisions, not just to the NPC Standing Committee for discussions.

#### Adhering to the Four Cardinal Principles and Dogmatism

[Question] The question of adhering to the four cardinal principles is often brought up outside of China, and the feeling is that it hinders the progress of China's reforms. What do you think?

[Answer] I see that a lot of comments outside are against adhering to the four cardinal principles. Actually this is a question that has to be viewed in different perspectives, as it cannot be answered with a simple yes or no. From a different angle, you will see that any country, any area, and any social system, no matter what they say, are in fact adhering to some kind of principles. Otherwise, a society could not have become what it is. The United States, for example, adheres to the liberal ideology, the free enterprise system, and the system of two major parties running the government in turn. Taiwan, for example, adheres to the Three People's Principles and Kuomintang leadership. It is obvious that any country or area must adhere to something. This is the first perspective.

A second perspective is to make a concrete analysis of the principles being adhered to. For example, the Kuomintang has always claimed to adhere to the Three People's Principles, but its policies have been very different in different periods. Sometimes it only paid lip service to the Three People's Principles, but actually did something else. After the start of the war of resistance against Japan, the Kuomintang failed to adhere to Dr Sun Yat-sen's idea of "land to the tiller" and did not

carry out land reform. If the Kuomintang carried out land reform on the mainland, the peasantry would not have been won over by the communist party. After it went to Taiwan, if it continued to rely on the landlords for support as it did on the mainland, it would not have started the land reform. Yet it chose land reform at the risk of alienating Taiwan's landowners, obviously because it had learned its lesson from defeat. Since it went to Taiwan, the Kuomintang has not collapsed after its crushing defeat, but has drawn lessons from its bitter experience and made a fresh start. There is a similarity between the Kuomintang's example and the communist party's talk about adhering to Marxism-Leninism. Sometimes, the communist party only paid lip service to Marxism, but actually adhered to dogmatism, that is, interpreting Marxism in a dogmatic way, as it did when the ultra-leftist line was in control.

[Question] Is it true that some people in the party still adhere to the dogmatic interpretations?

[Answer] Yes. It is very possible that they still adhere to the dogmatic interpretation of Marxism. What worries me is not adhering to the four cardinal principles, but talking about adhering to the four cardinal principles, while actually adhering to something else. It is no good if one talks about adhering to Marxism, socialism, and so forth, but actually adheres to dogmatism, despotism, and bureaucratism. For example, the past insistence on "taking class struggle as the key link" was a manifestation of dogmatism. You see, even you yourself declared that the exploiting classes have been basically eliminated, but you still wanted to take class struggle as the key link. Whom did you want to attack? When there was no target to be found in society, you turned to look in the party and called those whose political views were different from yours capitalist roaders. That was entirely wrong. Another example is party leadership. According to the Marxist party-building principle, the communist party's core of power should be the party congress. This system was wrecked by Stalin, and thereafter all decisions were made arbitrarily by him alone. In the past, we talked about adhering to Marxism, but actually took the mistaken ideas of Stalinism for Marxism in many of our activities and thus ended up adhering to something quite different. The right thing to do is to adhere to modern, developing Marxism.

#### Why is the Soviet Union Concentrating on Political Reform First?

[Question] It seems that all socialist countries are making reforms. What do you think of this trend?

[Answer] I think that so far there has been no example of successful reform not only in China but among all socialist countries. The problem lies in their failure to coordinate political reform with economic reform. In other words, reform of the political structure has lagged behind reform of the economic structure. Yugoslavia is

the first to introduce reforms, beginning in the 1950's. However, after many years of reform, the League of Communists of Yugoslavia still maintains highly centralized control over society, government, and economy. It changed the system of centralized power at the state level, only to end up with the concentration of power at the local level. Power is now concentrated in six autonomous republics and two autonomous provinces. Recently there has been social unrest in Yugoslavia. Poland is faced with a different situation. The communist party failed to lead successfully; the people are dissatisfied; a Solidarity Trade Union came into being; the party wants to ban the trade union; and military control was imposed. It is a very high price to pay.

[Question] The present reform in the Soviet Union seems to have taken a different direction. Gorbachev is seeking political reform before economic reform.

[Answer] I think Gorbachev has summed up the experiences gained in the 30 odd years after Stalin. Since Stalin's death, the Soviet Union has had two economic reforms, one started by Khrushchev, the other by Brezhnev in the early period of his rule. Both economic reforms failed to make any progress due to obstruction by the political system.

Khrushchev adopted the idea of Libieman [phonetic], a Ukrainian economist, placed the emphasis on enterprise profit, and evaluated enterprises by their output value. China at that time was very "left" and criticized the Soviet Union for "putting ruble in command." In fact, Khrushchev's reform had a rational factor, which was paying attention to enterprise performance. If his reform went further, the next step would be to deal with the ownership issue. However, he only went as far as trying to link enterprise profits with workers' wages and bonuses, when he was confronted by political resistance and refusal of bureaucrats to accept the change, which spelled the end of his reform. At first, Khrushchev also attempted at political reform. He served only as first secretary and declined to take the position of chairman of the council of ministers concurrently. The chairmanship of the council of ministers went first to Malenkov and then to Bulganin. Stalin held both positions. Khrushchev at first espoused collective leadership, with him in charge of the party. However, the party continued to meddle in government affairs. Finally, he kicked Bulganin out and took over as chairman of the council of ministers himself.

Judging by the Soviet Union's experience, all new leaders seemed to be in favor of collective leadership when they first came to power, but never for more than 5 years. Khrushchev came to power in 1953, and took the top positions of both the party and government in 1958. Brezhnev at first also said that he wanted to change Khrushchev's arbitrary way of making decisions by himself, and that he did not want to be chairman of the council of ministers. He made Kosygin chairman of the council of ministers, and Podgorny chairman of the

Supreme Soviet. But, in 1969, he got rid of Podgorny and became chairman of the Supreme Soviet himself. At first, he allowed Kosygin to carry out a little economic reform and talked about a new economic system. Later, he put an end to it and centralized all powers in his own hands, again for life.

[Question] In your judgment, is Gorbachev going to take the same road?

[Answer] People also have different estimates about Gorbachev. For example, he recently took over as concurrent chairman of the Supreme Soviet. Is this a sign that he is becoming a new arbitrary ruler? I think he seems to be leaning toward the U.S. presidential system. Of course, we can only say that he is leaning toward the U.S. presidential system, as it is impossible to adopt the system completely. The United States has two major parties, and one president is elected from two candidates, but the Soviet Union has only one party, and the communist party nominated only Gorbachev, giving the people no other choice. Moreover, in the United States there are restriction and supervision by the opposition party, the Congress, various social and interest groups, and the press. But as Gorbachev's powers grow, who can supervise him? So far it is not very clear. I think that the key to the question of distribution of power in socialist countries does not lie in whether the party's leader is also concurrently head of government, but in whether the party substitutes itself for the government and whether power is subject to restriction and supervision. As you can see, in Western countries, a party also nominates its boss to run for the top position in government, but the party's job is limited to nominating its candidate and putting forward a campaign platform, and nothing else. In Western countries, the parties play a role in politics only during elections, but in socialist countries, the communist party must control everything and in a very concrete way. The Soviet Union is now planning to revise its constitution. What Gorbachev's next move will be should become evident in the way the constitution is revised next year.

#### The Biggest Difference Between Chinese and Soviet Reforms

[Question] There seems to be a lot of differences between China and the Soviet Union in their reforms over the past few years. What do you think is the biggest difference?

[Answer] The Soviet Union is concentrating on the reform of the political structure. I think Gorbachev knows that the political structure has to be reformed. What he is trying to do is to actually break up the existing bureaucracy. He admits that there is a bureaucrat class in the Soviet Union. This is a major breakthrough. China so far has only admitted that there is bureaucratism, but has never admitted that there is a bureaucrat class. Now,

Gorbachev is trying to replace the appointment system from level to level by elections in order to break up the existing bureaucratic structure.

[Question] China so far has not touched its bureaucratic system. It was Mao who mentioned a bureaucrat class many years ago.

[Answer] That was different. He was wrong about the formation of the bureaucrat class and the way to solve the problem. He said that the bureaucrat class was formed by the capitalist roaders. In fact, the bureaucratic privileges are created by the system after the founding of the People's Republic, and any change should start with the system. Mao, however, did not change the system, but tried to overthrow the bureaucrats by means of the cultural revolution. As a result, even those who were overthrown are complaining. They hold that cadres' privileges are provided for by the party, the higher the rank, the greater the privileges. Therefore, to overthrow a large number of cadres without reforming the system and without an example set by those at the top is certainly not right.

[Question] Do you people in China think that Gorbachev's reform has a better chance to succeed?

[Answer] Judging by the past 3 years, Gorbachev's reform has produced fairly good results. He had replaced 140 people at the central level alone before the convocation of the 27th CPSU congress in 1986, thus insuring the success of the congress. Recently he also removed the old man Gromyko and others who stood in the way of the reform.

[Question] He has encountered less resistance from the old cadres, hasn't he?

[Answer] He does not have too much quarrel with the older generation and the old system. He never met or worked with Stalin. During the Brezhnev period, he was not on the central committee, and his rise started very lately. One condition in his favor is that the old cadres have been largely removed by nature, and, therefore, he is faced with less resistance. Khrushchev could not push his reform forward, because a large number of cadres of the Stalin era were still there. His downfall in 1964 was brought about jointly by party, government, and military cadres.

[Question] Back to China's reform, a crucial factor seems to be the reliance on natural replacement. Is there anything else to do besides that? Must China wait for the passing away of an entire generation?

[Answer] Judging by the Soviet experience, China probably has also to go through this natural replacement. There are other possibilities, but they require many conditions. Poland has taken a different way, but is paying a very high price in social disturbance, which should be avoided by all means. Still another way is to

arouse the masses, increase the understanding of the reforms among the vast numbers of party members and cadres, and urge the leadership to speed up the reform of the political structure by various legal means.

#### Obstacles and Prospects

[Question] Some people put the blame for the obstructions to China's reforms on cultural factors, saying that the traditional culture is not conducive to reform. The film "He Shang" is cited as an example. Others say that the major obstacle is the old system copied from the Soviet Union. Do you agree?

[Answer] I think both arguments are valid. The fact that the old Soviet system could take root and grow in China has something to do with China's soil. China's more than 2,000 years of feudalistic tradition, the unusual conditions during the revolutionary wars, and the dominance of the leftist line after the founding of the People's Republic are all responsible. Together, they have made the problem of China's political structure even more serious than that of the Soviet Union. I think that although the traditional culture is an obstacle, it should not be overemphasized, as if it is the one problem which has made reform completely impossible. That would be putting all the blame on tradition and refusing to face reality. There are also debates in China about the issue of "He Shang." I think that its theme is to support the reforms and opening to the outside world, which is correct, but its views on some historical questions are one-sided. However, I am opposed to the ban on its showing and the irresponsible criticisms. In fact, the traditional culture has a good side as well as a bad side. For example, if patriotism, appointing people on their merits, placing righteousness above family loyalty, and other political and cultural traditions are developed, they will contribute to the reforms. I think that the more serious obstacle to the reforms is the fact that due to the prolonged closedness and one-sided thinking of the past, many people are still clinging to the obsolete past ideas on many things.

[Question] In short, what is your estimate of the future of China's reforms? What do you think is the best road for China's reforms to follow?

[Answer] I am full of confidence in the future of China's reforms. I am neither pessimistic, nor blindly optimistic, but open-minded. China's reforms should really take Deng Xiaoping's 18 August 1980 speech as the programmatic document, with the reform of the political structure leading the way and bringing along the reform of the economic and cultural structures. In the reform of the political structure, the most important thing is democratization and to speed up modernization with democracy. The call for democracy and science during the May Fourth Movement is still what is urgently needed in today's China, as the historical task against feudalism has not finally and thoroughly completed yet, except that the intention and extension of democracy and science

are somewhat different now from then. In the reform of the economic structure, it is necessary first of all to reform the ownership system, promote the sound development of a planned commodity economy, and, on the basis of increased production, increase wages first and reform the price system next. In the cultural field, it is necessary first of all to achieve freedom of speech and freedom of the press, really implement the principle of "letting a hundred schools of thought contend and a hundred flowers blossom," and vigorously develop science, technology, education, and art. China's reforms will not falter, much less going backward, because reform is the trend of the world and the will of the people. In the next few years, China's reforms will move steadily ahead, but a really great leap forward will probably occur toward the end of the century. Because by that time, our experience will be richer and more complete; the Chinese nation will become more mature; a new generation of cadres will actually grow up and become a new generation of statesmen, scientists, and entrepreneurs; the older generation of revolutionaries will have accomplished their historical mission and step down completely from the stage of history; and Hong Kong and Macao will be returned to the motherland, and compatriots from Hong Kong, Macao, and Taiwan and overseas Chinese will make greater contributions to the reforms in the motherland. At the end of the 1990's, China, the giant of the East, will march in vigorous strides out of the threshold of the 20th century and usher in a greater 21st century.

**Octogenarian Wang Zhen's Career Capsulized**  
**40050251 Hong Kong CHAO LIU [TIDE] in Chinese**  
**No 23, 15 Jan 89 pp 32-34**

[Article by Lin Yang 2651 2799: "Reasons for Wang Zhen's 3769 7201 Frequent Visits to Hainan Island"]

[Text] Recently, the 80 year old Wang Zhen has traveled frequently to Hainan Island, as well as to Zhanjiang and Zhuhai in Guangdong Province to conduct inspections. These travels have aroused conjecture.

**It has been a long time since Wang Zhen was a member of the CPC Politburo and a member of the Standing Committee of the Military Affairs Committee. Nor is he any longer a deputy chairman of the Central Advisory Commission. He is only an absentee "National Vice President," however, he is one of the "Eight Grand Old Marshals" among the "senior statesmen" of the CPC who is said to be influential. The other seven are the 84 year old Deng Xiaoping, the 83 year old Chen Yun, the 81 year old Yang Shangkun, the 86 year old Peng Zhen, the 79 year old Li Xiannian and Song Renqiong, and the 80 year old Bo Yibo. Therefore, not only did he have a hand in the recent criticism of the television drama, "River Elegy," but he also played an important role in making Hainan Island into a "special economic zone." (SEZ)**

The impression of Wang Zhen held by the outside world is of a conservative and rigid man; yet, Wang Zhen has warmly supported the policy of opening Hainan Island

to the outside world, and this is the primary reason for his frequent trips to Hainan Island. Another reason is the depth of his relationship with the Chinese Communist armed forces and the agricultural land reclamation system. One "component" in the opening of Hainan to the outside world is the need to smooth over conflicts between the "military land reclamation group" and other interest groups so as to reduce obstacles to plans to turn Hainan into a SEZ.

**Conflicts of Interest Among Four Major Factions**

Opening of the coastal areas to the outside world requires the construction of basic facilities, and this involves payment of compensation for the requisitioning of land, and a redeployment of manpower. This naturally arouses conflicts among interest groups. The "factional forces" on Hainan Island are complex, the power of the Chinese Communist Navy and the agricultural reclamation system being particularly great. Satisfying the interests of all "factions" is by no means easy.

In addition to the "military reclamation group," the "four factions" on Hainan consist of the "Guangdong Provincial Group," the "Crown Prince Group," and the "Native Group."

After Hainan Island was elevated to provincial status in April 1988, the high level cadres in the existing Guangdong Provincial CPC Committee became the supreme authority on Hainan Island. The incumbent Hainan Provincial CPC Committee Secretary and concurrent Chairman of the Provincial People's Congress Standing Committee, Xu Shijie [6079 1102 2638], was formerly the Guangzhou CPC Committee Secretary. Hainan Provincial CPC Committee Deputy Secretary and concurrent Provincial Governor Liang Xiang [2733 3276] was formerly the deputy provincial governor of Guangdong Province, and mayor of Shenzhen City. Zou Erkang [6760 1422 1660], who was formerly an assistant to Liang Xiang in Shenzhen, is now the deputy provincial governor of Hainan Province. Both Xu and Liang enjoy the personal confidence of Zhao Ziyang. They have worked for a long period of time in Guangdong Province and in Guangzhou City, and the people of Hainan secretly call them the "Guangdong Province Group," or the "Zhao Ziyang Gang."

Aside from these three "old Guangdongers," all the main cadres in position of authority have been transferred from the State Council by the CPC Central Committee. One of these is Bao Keming [7637 0344 2494], the former Deputy Minister of Astronautics.

Hainan Island was formerly an administrative region of Guangdong Province, with an organizational set-up similar to that of a special region. After it was elevated to provincial status, the former Hainan Region CPC Committee and government office cadres held only special region rank; they did not automatically become provincial level cadres. Because of the "Lei Yu [7191 1342]

Vehicle Profiteering" case, both the CPC Committee and the State Council are a little wary of the native Hainan cadres; consequently, they arranged for the number of local cadres holding positions of authority in the Hainan Provincial CPC Committee to be somewhat low.

The power of the native communists on Hainan Island goes back a very long way. The former person in charge of the Chinese Communist Qiongya Military Column, Feng Baiju [7458 4101 7467], once asked the Guangdong Provincial CPC Committee to "take care of" Hainan's special status. During the 1950's, he was exposed and criticized by the "King of Hainan," Tao Zhu [7118 6999], and his assistant, Zhao Ziyang, and he was rectified for the crime of "localism." He was subsequently removed from Guangdong to become "Deputy Governor of Zhejiang Province." Some of the Hainan Administrative Region cadres subordinate to Feng Baiju were also dragged into the "localism" case, and were rectified. This "historical wound" has left "after effects."

At the present time, local Hainan Island cadres are somewhat repressed, and there is some friction between them and the "Guangdong Provincial Group."

#### **The Crown Prince Group and the Military Reclamation Group**

The "Crown Prince Group" is a power that has arisen in Hainan during the past several years. It refers to the group of high level Chinese Communist cadres who are engaged in business. Before Hainan Island was elevated to the status of a province, the son of Zhao Ziyang, Zhao Dajun [6392 1129 6511], the son of Dong Biwu, and the children of other high ranking Chinese Communist cadres got a head start in becoming an "official businessmen" power there, subsequently becoming people with whom high ranking Hainan cadres and foreign traders curried favor.

**The Military Reclamation Group has more of a base than the above three interest groups. This term applies to an interest group consisting of the Chinese Communist armed forces and the agricultural land reclamation system. By the so-called agricultural land reclamation system is meant the reclaimed wasteland farm system reclaimed by retired Chinese Communist servicemen, including the five major agricultural reclamation bases in Xinjiang, Qinghai, Inner Mongolia, Heilongjiang, and Hainan Island. All agricultural land reclamation units are under direction of the Ministry of Agriculture and Land Reclamation.**

The economic development and the opening to the outside world of Hainan Island are inextricably bound up with the interests of the armed forces and the agricultural reclamation group. For example, development of Sanya in southern Hainan and the construction of Yangpu Harbor in the north are dependent on Chinese

Communist Navy "support" and "cooperation." Numerous other development plans also involve the interests of the agricultural reclamation system.

Wang Zhen formerly served for a long time as Minister of Agriculture and Land Reclamation (1956-1967). At the conclusion of the "Cultural Revolution," he became a member of the Standing Committee of the Central Military Affairs Committee. These contacts provide him the "capital" for straightening out conflicts between the military reclamation group and other groups.

#### **Enthusiastic Support for the Opening of Hainan Island to the Outside World**

According to information from the sons and daughters of high ranking Hainan Island cadres, Wang Zhen has received a mandate from Deng Xiaoping as a representative of the CPC Central Committee in charge of plans for the opening of Hainan to the outside world. This is because of his past relationship with the military reclamation system, and because he was a member of the CPC Central Committee Politburo, and director of the Chinese Communist Party School who can use his qualifications as an elder Chinese Communist statesman to bring all contending forces into line.

Nevertheless, there are two reasons for Wang Zhen's mandate. One is his interest in making Hainan a SEZ, and the other is his deep personal relationship with Deng Xiaoping.

Most foreign observers regard Wang Zhen as a conservative and rigid person when, in fact, high level Chinese Communist personages cannot necessarily be "categorized as black or white." Like Deng Xiaoping, he adheres to the "four principles" politically. During the "criticism of liberalization" and the "removal of Hu Yaobang" in early 1987, he fully played the part of the "adventurous vanguard;" nevertheless, he is extremely enthusiastic about the opening of coastal areas to the outside world.

Back in 1979, in his role as a member of the Chinese Communist Politburo and as a deputy premier, he headed a work team that went to Shenzhen and Shekou to look into the development of Shekou. In 1984, he and Yang Shangkun accompanied Deng Xiaoping on a fact-finding trip to coastal Fujian and Guangdong provinces, and he recommended further opening of coastal areas to the outside world. Not long ago, he made another proposal calling for quicker opening of Hainan to the outside world.

#### **No Close Contact With Deng in Chinese Communist Armed Forces**

When Wang Zhen held positions with the Chinese Communist armed forces, he had no close contact with Deng Xiaoping. During the early period, he was a subordinate of He Long [6320 7893] and Ren Bishi [0117 1732 2514]; and during the late period, he worked in the First

Field Army system under Peng Dehuai and Xi Chongxun [5045 1814 8113]. Prior to the War of Resistance Against Japan, he was the political commissar of the Sixth Army Group in the Red Second Front Army (under He and Ren); during the War of Resistance Against Japan (1937-1945), he was commander of the 359 Brigade of the 120 Division of He Long's Eighth Route Army, renowned for reclamation of the wasteland at Nanniwan. During the Civil War period (1946-1949), he served as command and political commissar of the Second Army under the First Field Army (Peng and Xi).

Since 1949, Wang Zhen has been served for a long time in military positions. First, he was commander and political commissar of the First Army Group of the First Field Army, and Acting Commander of the Xinjiang Military Region. He was also secretary of the CPC Central Committee Xinjiang Branch Bureau, a position in which Wang Enmao [3769 1869 5399], the incumbent deputy chairman of the CPPCC, was his main assistant at the time.

In 1953, Wang Zhen was transferred out of Xinjiang to become commander and political commissar of the Railway Troops. In 1955, he was transferred to the position of Deputy Chief of General Staff with full general rank. In 1956, he was transferred to the State Council as Minister of Agriculture and Land Reclamation, a position he held until he stepped down in 1967. The Ministry of Agriculture and Land Reclamation is nominally under the State Council; actually it is under control of the Chinese Communist Central Military Affairs Committee, so he held a military job in this position.

In 1968, Wang Zhen lost power as a result of the "Cultural Revolution," and he was "banished" by Mao Zedong to labor at the "Red Star Land Reclamation and Cultivation Farm in Jiangxi Province" where he remained until 1972 when he returned to Beijing. In 1975, with support from Zhou Enlai, he became Deputy Premier of the State Council, and in December 1978, he was appointed a member of the CPC 11th Politburo along with Chen Yun, Deng Yingchao, and Hu Yaobang. Subsequently, he served as a member of the Standing Committee of the CPC Central Military Committee, and as director of the Central Party School.

The Fifth Plenum of the 12th CPC Central Committee of September 1985 reassigned Wang Zhen to the position of deputy director of the CPC Central Advisory Commission (of which Deng Xiaoping was the director). He was the first of four deputy directors ahead of Bo Yibo, Xu Shiyu [6079 0013 0645], and Song Renqiong [1345 0117 4522]. No longer was he a member of the CPC Politburo nor a member of the Central Military Committee Standing Committee. In November 1987, at the First Plenum of the 13th Party Central Committee, he resigned from the Advisory Commission, no longer holding a Party position. In April 1988, he became "National Vice President."

#### Very Good Personal Relations With Deng Xiaoping

Wang Zhen's appointment as "Vice Chairman of the State" at the age of 80 was a very special arrangement. This was a "reciprocal" to Wang Zhen by the CPC "Party Patriarch," Deng Xiaoping.

Prior to the 1970's, Wang Zhen and Deng Xiaoping had no private relationship to speak of; however, they had a very close relationship thereafter. During the spring and summer of 1972, when Wang Zhen was transferred back to Beijing from Jiangxi to work in the administrative group of the Military Affairs Committee headed by Yeh Jianying, he expressed solicitude about Deng Xiaoping's life and his political rehabilitation. An article authored by Deng Xiaoping's daughter, Maomao, titled "Days in Jiangxi" contains the following lines:

One day a friend told me that Comrade Wang Zhen wanted me to come. Though I had never had the pleasure of meeting the revered Wang, I had long honored "Uncle Beard's" name. When I went to where he lived at North Pacific Village, all I saw was a thin and small man hurrying out to meet me. As soon as he took hold of my hand, he asked me very warmly, "Is your daddy all right?" I couldn't hold back my tears. Uncle Beard asked me in great detail about my father and the whole family, and he let me return to Jiangxi to report to my father that Chairman Mao wanted to differentiate between my father and others. He also said that he personally intended to write a petition to the Chairman and to the Central Committee asking that my father be allowed to return to work. Uncle Beard kept me at his home to eat and sleep. Since the "Cultural Revolution" when I began to become an adult, I experienced to the full the inconsistency of human relationships during that period of time, but to be cared about and treated so generously by Uncle Beard at this time really moved me extremely greatly. For Uncle Beard to risk the wrath of the rulers of the land by standing up to speak for my father could only earn great respect, which I shall never forget my whole life long! Such righteous bravery on the part of Uncle Beard, and such a celebrated character of loftiness and boldness made an extremely profound impression on me. After I returned to Jiangxi and told my father about this, he was extremely moved too.

A Chinese Communist document refers to Wang Zhen in the following way:

After becoming a Deputy Premier of the State Council in 1975, he actively supported Deng Xiaoping in carrying out a complete restructuring of the daily work of the CPC Committee. After the smashing of Jiang Qing's counter-revolutionary clique, he made major contributions to the rehabilitation of older generation proletarian revolutionaries such as Deng Xiaoping and Chen Yun, to supporting the work of the Party and the state, and to the redressing of historical cases of injustice and wrongdoing.

It is easy to see from these two passages that Wang Zhen's appointment as "Vice Chairman of the State" and his having been placed in charge of "Hainan work"

during his late years is both connected with Deng Xiaoping's "repayment of a debt of gratitude," and also because he was able to obtain the support of other elder statesmen such as Chen Yun, Peng Zhen, and Bo Yibo.

Table

**Wang Zhen's Curriculum Vitae**

Date	Particulars
Date and Place of Birth	1908 at Liuyang, Hunan Province
Education and Occupation	Primary School/Railroad worker
Entry into CPC	May 1927
1927-1936. Main Positions	Regimental and Division Political Commissar, First Independent Division, East Hunan; Political Commissar Red Eighth Army; Acting Commander Hunan-Jiangxi Military Region, and Political Commissar Red Sixth Army; Regimental Political Commissar Red Second Army; Political Commissar Red Sixth Army
1937-1945. Main Positions	Deputy Brigade Commander, 359 Brigade, 120 Division, Eighth Route Army; Yanan Prefecture CPC Committee Secretary. Commander Yanan Garrison District, and Commander Eighth Route Army Southward Moving Detachment
1946-1948. Main Positions	Chief of Staff, Central Plains Military Region; Commander and Political Commissar, Second Military Column, and Commander and Political Commissar Second Army, Northwest Field Army
1949-1953. Main Positions	Commander and Political Commissar, First Corps, First field Army; Commander, Acting Commander, and Political Commissar, Xinjiang Military Region; and Xinjiang Branch Bureau Secretary
1953-1967. Main Positions	Commander and Political Commissar Railroad Troops; Deputy Chief of General Staff; Minister of Agriculture and Land REclamation, State Council; Member National Defense Committee
1972-1977. Main Positions	Member Administrative Group, CPC Central Military Affairs Committee; Deputy Premier, State Council
1978-1988. Main Positions	Member CPC Politburo, Standing Committee, Central Military Committee; Director, Central Party School; Deputy Chairman, Central Advisory Commission; National Vice President

**Wang Zhen: Part Zhang Fei (a general of the State of Shu during the Three Kingdoms Period), and a Diamond in the Rough!**

Wang Zhen is a very special person among high ranking Chinese Communist cadres. He is from the old Red Army, did not receive much formal education, and he has a gruff exterior, yet he has many intellectual friends, and he is also an activist in Communist China's relations with Japan.

Wang Zhen comes from Liuyang in Hunan Province, thus, he is a fellow villager of Hu Yaobang, and Song Renqiong. He began growing a beard at an early age, and his old "comrades in arms" call him Wang Huzi, or Beard Wang. Deng Xiaoping's daughter, Deng Nan, and others called him "Uncle Beard."

Wang Zhen has a strong "Party spirit," and he has often taken part in rectifying people. In early 1987, he and Peng Zhen, Bo Yibo, and Hu Qiaomu sought the support of Deng Xiaoping to launch a "criticism of liberalization" among intellectuals, which succeeded in getting rid of Hu Yaobang as general secretary of the Party. However, in the past, he also "offered a supporting hand" to

literary figures who had been exposed and criticized such as Ding Ling and Ai Qing, who after having been classed as "rightists" in 1957, were sent to "labor reform" in the Great Northern Wilderness in Heilongjiang Province, and to Xinjiang respectively. Fortunately, he "looked after" them to a limited extent in his "agricultural reclamation system." Wang Meng [3769 5536], a present member of the CPC Central Committee and the Minister of Culture also obtained his "care" when he was branded a "rightist" in that same year and sent to labor reform in Xinjiang.

During the latter part of the "Cultural Revolution," he worked closely with Zhou Enlai, Deng Xiaoping, Yeh Jianying, and Li Xiannian to engage in both open strife and veiled struggle against the Jiang Qing clique. Sometimes, he was able to "sting" Jiang Qing's political pals. He told the following story in this regard:

Once I was sitting with Comrade Xu Shiyu when Zhang Chunqiao and Wang Hongwen came over. Xu Shiyu grabbed hold of my wrist and shouted loudly: "Come on. Let's arm wrestle!" Zhang Chunqiao said cynically: "Sure. You too go ahead and army wrestle." I just said to

Xu Shiyu: "Whoever dares arm wrestle with you must want to die!" Zhang Chunqiao left very unhappily. So, he left. Actually, the words were directed at him. Unless one were ready with bows bent and arrows drawn when meeting the "gang of four" under any circumstances, they might glower, or shout slogans, or even pull out a pistol, which didn't make people feel confident.

Very few foreign readers know that except for Liao Chengzhi, who is dead, Wang Zhen is the most important person engaged in Chinese Communist relations with Japan. Both Japanese political circles and large financial groups are particularly attentive to his political behavior. As long ago as 1957, when he was Minister of Agriculture and Land Reclamation, he headed a Chinese Communist agricultural technology delegation on a visit to Japan, and later he played an active role in activities relating to Japan. Since 1983, he has been the honorary chairman of the "Sino-Japanese Friendship Association, and director of the "Chinese Committee of the Sino-Japanese People-to-People Conference."

**Wang Zhen Remembers General Tao Zhiyue**  
*40050275 Urumqi XINJIANG RIBAO [XINJIANG DAILY] in Chinese 13 Jan 89 pp 1,2*

[Article by Wang Zhen 3769 7201: "Mourning General Tao Zhiyue 7118 1492 1471"]

[Text] Beijing, 13 January (Xinhua News Agency)—The last few years, I have seen several reports by the Hunan provincial CPC secretary about the precarious state of General Tao Zhiyue's health, and I have all along been concerned about the general's health. As I remember the general's former robust constitution, I had hoped he would live to be 100, but unexpectedly he had to take to the bed in recent years and passed away at the age of 97. I was overwhelmed by grief.

I came to know General Tao in 1949 at the time of the peaceful liberation of Xinjiang Province. When the first army corps of the PLA's First Field Army entered Xinjiang, the KMT garrison of Xinjiang, led by General Tao, surrendered to our side and was reorganized into the 22nd army corps. The Xinjiang minority nationality army was reorganized into the Fifth Army, and the three army groups together guarded the frontier region. I traveled with General Tao all over the Tianshan mountains, the Altai mountains, and the Pamir high plateau, and came to know all the fraternal nationalities of China who live in Xinjiang, and also the heroic officers and men who worked hard to open up the area. I was much encouraged by the lofty sentiments and aspirations of the many officers and men and the masses in their patriotic efforts to build up the country. We worked together for the common cause, maintained close contact, and came to know each other very well. Let me now recount some events from General Tao's life as a humble expression of my deep-felt sorrow.

## I

General Tao had joined the military early in his life, but gave good service in civil as well as military affairs. He was well versed in military theory and also very knowledgeable in history. He loved ancient literature and poetry and was also an accomplished calligraphist; he was called "scholar general," and was indeed a very typical general of true Chinese stock. In his early years, he had come under the influence of the ideas of the bourgeois democratic revolution and participated in the Revolution of 1911, the fight in defense of country and law, and later joined the Northern Expedition, when the nationalists and communists cooperated for the first time. After Chiang Kai-shek betrayed the revolution, General Tao took part in the chaotic fighting during the warlord period, and was compelled for a time to take the side of the reactionary rule of Chiang Kai-shek. But, in his feelings he remained sympathetic to and supportive of the correct propositions of the revolutionary Three People's Principles of Sun Yat-sen and of the communist party. When the War of Resistance Against Japan broke out, he sincerely supported Chairman Mao Zedong's proposition of a united national front against Japan, and happily welcomed the second cooperation of nationalists and communists. He often drew spiritual encouragement from the fearless spirit of martyrs of earlier days, such as famous General Qi Jiguang who fought the Japanese pirates of the 14th to 16th century, famous general Lin Zexu who resisted the British, famous general Zuo Zongtang who resisted the Russians, and Huang Xing and Cai E, who were followers of Sun Yat-sen. He used the examples set by these men to inspire patriotism among the troops under his command, and trained his troops to foster the will to fight to the death and to heroically beat back foreign aggressors. Because of his resistance against Japan and his patriotism, his powers of command were often seized from him by Chiang Kai-shek's favorite, Hu Zongnan [5170 1350 0589]. However, patriotic KMT General Zhang Zhizhong [1728 3112 0022] recognized General Tao's ability, and General Tao followed Zhang Zhizhong into Xinjiang and was appointed commander in chief of all garrison forces in that province. He gave full support to General Zhang Zhizhong's proposals to maintain peace among all parties in China, and was deeply grieved and angered by Chiang Kai-shek's repudiation of the "Double-Tenth Agreement" and subsequent disruption of domestic peace. During that time, General Tao also cooperated fully with General Zhang Zhizhong and, on the request of Comrade Zhou Enlai, released all communists formerly imprisoned by Sheng Shicai [4141 0013 2088] in Xinjiang. Under overall planning by General Zhang Zhizhong, General Tao carefully arranged for his trusted chief of the communications department of the garrison headquarters to send back under armed escort over 130 newly liberated communists and their families, among them Yang Zhihua [2799 0037 5478], Zhang Ziyi [1728 1311 1942], and Gao Dengbang [7559 4098 2831]. After

overcoming various difficulties, they returned to Yanan. General Tao exerted himself to the utmost in rendering meritorious services to the CPC and to the Chinese people.

Most glorious event in General Tao's whole career was his responding, in September 1949, to the great appeal of Mao Zedong, chairman of the Central Military Commission, and Zhu De, commander in chief of the PLA. General Tao resolutely decided to free himself from the shackles of Chiang Kai-shek's reactionary KMT party, and led 100,000 officers and men under his command in a peaceful surrender to our side. He turned hostility into friendship, assisted the smooth take-over by the troops entering Xinjiang, planted the five-star flag on the peaks of the Kunlun, Pamir, and Altai mountains, and solidly incorporated these important border regions as inseparable and valuable components into the new People's China.

During the preliminaries of the surrender to our side, General Tao Zhiyue received Comrade Deng Liqun [6772 0500 5028], liaison official of the CPC Central Committee, who had secretly come to Dihua [now Urumqi] from Yili. At that time, General Tao had sent some of his own garrison troops to adequately ensure the safety of the communist personnel. Comrade Deng Liqun personally brought a telegram from Zhang Zhizhong to Tao Zhiyue and Bao Erhan [7637 1422 3352], native name Burhan Shahidi, dispatched from Chairman Mao Zedong's place, stating the propositions and policies of the CPC Central Committee. Without regard for his own safety and facing possible condemnation, General Tao felt that righteous cause permitted of no turning back and determined to live up to Chairman Mao Zedong's great kindness and the expectations of General Zhang Zhizhong. Ten days after his surrender, General Tao went from Dihua to Jiuquan, which was at that time the garrison headquarters of the first army corps of the First Field Army, to meet commanding officer Peng Dehuai [1756 1795 2037] and me. All three of us were Hunanese and had still maintained our local accent, which contributed to the great cordiality of our discussion. Though we had met for the first time, we were like old friends, and conducted a wide-ranging frank and open discussion on domestic and world affairs in an unconstrained atmosphere. General Tao reported on the details of the surrender, and negotiated such important issues as the reorganization and transformation of his troops and the welcome to Xinjiang for the PLA. He repeatedly declared that the military and the civilian population were determined to protect the borders and ensure peace, and that they are resolved to ensure the unimpaired integrity of the motherland. He also spoke of his great respect for Comrade Li Xiannian [2621 0341 1819], for having led his troops in courageous and hard fighting up to Xinjiang Province. In these discussions, General Tao showed utmost elation and excitement to a degree that, as he said, he had "never before experienced in all past life." Old commander Peng Dehuai was full of praise for General Tao's righteous deed.

When General Tao surrendered his 100,000 officers and men to our side, there were complex contradictions, and the surrender met with resistance and sabotage from reactionary diehards, but General Tao, with his courageous and wise handling of the matter, headed off all dangers and accomplished his righteous deed. Under the command of General Tao's garrison headquarters, there were three division commanders who were dead set to follow loyally the chief-reactionary Chiang Kai-shek. They had once emphatically proposed to lead the main force into China proper and had now prepared a defense line at Xingxingxia to prevent the PLA from entering Xinjiang Province. When they heard rumors of peaceful surrender, they conspired and prepared to resort to force. Their preposterous plan was to take prisoner commander in chief Tao Zhiyue and all the progressives around Chairman Bao Erhan, cause ethnic friction and chaos in Xinjiang, and thus to sabotage the peaceful surrender of Xinjiang. At this critical moment, General Tao, with exceptional wisdom and courage, and without anyone accompanying him, went himself into the tiger's den, persuaded them with arguments of love and hate, right and wrong, benefit and harm, speaking sternly with a sense of the justice of his case, and exposed the wishful thinking of the reactionary KMT special agents to sabotage the peaceful surrender. He was able to spiritually disarm them and to consolidate the entire command situation. As the PLA was courageously advancing with lightening speed, these reactionaries had pinned their hopes on receiving relief from Hu Zongnan's remnant forces, but their plot was soon seen through by the many officers and men. In their state of panic, General Tao immediately allowed them to leave the area over the southern border. This removed the last obstacle to the surrender and prevented chaos and disaster which had threatened the peace and well-being of the various minority nationalities of Xinjiang, as also of the 100,000 officers and men of the KMT garrison.

After the surrender, General Tao's action of courteously allowing Ma Chengxiang [7456 0701 4382] and two other reactionary divisional commanders and some 20-odd reactionary military personnel to leave the territory was much criticized by some people who thought that it amounted to letting counterrevolutionary elements get away. General Tao felt wronged. When I came to know what had actually happened, I told General Tao in front of many high-ranking military officers that not only should he not be reprimanded, but he should rather be commended. I told them of a personal experience I had once had: That was in the winter of 1939 at the height of Chiang Kai-shek's drive against the communists, when the 359th brigade received orders to move from the North China anti-Japanese base into the Suide area of the Shaanxi-Gansu-Ningxia border region. At that time, special commissioner of Suide was He Shaonan [0149 4801 0589] of the Hu Zongnan clique. That man was a specialist in creating anticomunist frictions, he was indeed a "friction specialist." We started a "struggle" against He Shaonan, a struggle that was well-reasoned, beneficial, and morally correct. He could not

stand it and was forced to flee. I ordered Comrade Guo Peng [6753 7720], deputy commander of the 359th brigade, to guard all important roads and catch him. Guo Peng liked to play chess, and just when He Shaonan passed Guo's area on his flight, Guo could not tear himself away from a game, and thus allowed He Shaonan to get away. I wanted to discipline Guo for that, but Chairman Mao said to me in good humor: "You want to dismiss Guo Peng from his post, but I rather feel like rewarding him! If we would have caught He Shaonan, we would still have to feed him. Since President Chiang had sent us telegrams asking us for more men, we simply have to send him some, shouldn't we be mindful of the united front!" After the division commanders handed over command of their troops, General Tao courteously sent them out of the territory. That was different from the case of Comrade Guo Peng, who had allowed He Shaonan to escape due great carelessness, but there is some rationale in Chairman Mao's tactics of "struggle" against the reactionaries. When I told General Tao the story of what had happened, his feelings of grievance vanished like mist and smoke.

General Tao had declared his intention to come over to our side even before the PLA entered Xinjiang. Since some of his officers and men, who were to surrender, had been under the influence of deceptive reactionary propaganda for a long time, there was some discontent with the decision to surrender, and there was at a time some commotion. General Tao then went into action to set the minds of his soldiers at ease. On one of these occasions, when he addressed the officers and men that were to surrender, some lawless reactionary elements tried to cause a disturbance on the meeting grounds. Others, fearing for General Tao's safety, urged him to leave, but General Tao faced the serious situation, and, fully convinced of the righteousness of his stand, struck his chest and said: Whoever wants to shoot, shoot me right here! Speaking unselfishly and fearlessly, General Tao calmed the commotion and the agitated minds of his soldiers, and proceeded to make arrangements for a smooth entry of the PLA into Xinjiang and for their welcome. When I entered Xinjiang with the main force of the First Army Corps of the PLA at the end of October, General Tao presented me with a poem:

You, my general, are talking and laughing  
as you point at the Tianshan mountains.  
Let the spring breeze come in over the Yumen Pass.  
Let red flags flutter over the endless desert, and  
let us offer you a welcome drink with our utmost joy.

This was not a compliment to myself personally, but was to give full expression to the warm sentiment of General Tao and the military and people of the Northwest toward the PLA.

After their surrender, the troops of General Tao were reorganized, underwent ideological remolding, and were then incorporated into the PLA, where they were redesignated the 22nd Army Group. General Tao Zhiyue was

appointed commander. In 1955, Chairman Mao Zedong, representing the party and the government, presented General Tao Zhiyue with the order "Liberation" first class and promoted him to colonel-general. General Tao was boundlessly grateful.

## II

Before he actually surrendered, General Tao had agreed with Zhao Xiguang [6392 6932 0342], deputy commander of the former KMT garrison forces in Xinjiang, that on successful completion of the surrender formalities and after transferring the troops to the PLA, the two of them would retire and return home. However, once they had had contact with the CPC and the PLA, and personally encountered the trust and kindness of the party, they had a great change of sentiment and very soon abandoned any thought of retirement. At the head of the many cadres and soldiers of the 22nd Army Group, and in cooperation with the 1st Army Group and the Fifth Army Group, which had been organized from the "tri-regional" minority nationalities, they joined the new struggle with complete disregard for personal well-being and with utmost heroism, a struggle of reclaiming the wastelands of China's border region, of developing the country, and of peacefully settling on the land. The vast expanse of the Gobi Desert of Xinjiang thereupon experienced an upsurge in production in agriculture, industry, animal husbandry, and commerce, and in this manner the long-cherished aspiration was realized of having "the military assume responsibility for the defense of the country, and deep friendship established among comrades."

Late in 1949, when Chairman Mao Zedong issued the "Directive on Participation of the Army in Production and Construction in 1950," the Xinjiang Military Region assigned to the 22nd Army Group the task of reclaiming 200,000 mu of wasteland within one year. During the work of reclaiming land in the Gobi Desert, which from ancient times has been a wasteland, sparsely populated, and cold as winter even in spring, when ice and snow would not yet melt, General Tao, aged almost 60, set an example by working alongside young common soldiers. He used the primitive Uygur mattock, the native ploughshare, and native shovel, as they worked to transform wasteland into fields and to dig irrigation ditches. Through hard work, the numerous cadres and soldiers of the 22nd Army Group, led by General Tao, opened up 230,000 mu of wasteland that year, overfilling the task set by the military region. They achieved self-sufficiency, or part self-sufficiency, in vegetables, meat, and grain, and thus won their first battle in opening up the wasteland of the border region. At the end of 1951, the Xinjiang Military Region assigned to the 22nd Army Group the task of planting 20,000 mu of cotton during 1952 in the reclaimed region of the Manasu River basin, with a yield of 400 jin of unginned cotton per mu. This was a very daring, but also scientifically demanding plan. To stand this severe test successfully, myself, General Tao, Soviet specialist Di-tuo-fu

[phonetic], who had been invited to Xinjiang to assist in the work, and professor Tu Zhi [3205 3112], vice president of Xinjiang Agricultural College, signed a contract, assuming responsibilities in a division of labor. I assumed responsibility for the importation of cotton seed and chemical fertilizer from the Soviet Union and for political-ideological work. General Tao and the chief of staff assumed responsibility for ensuring that the units that had entered production contracts would promptly transport barnyard manure and other materials to the cotton field, would plant the seeds at proper time, and attend to the cultivating of the crop. Di-tuo-fu [phonetic] was responsible for technical guidance, and two former KMT division commanders, Liu Zhenshi [0491 2182 0013] and Luo Ruzheng [5012 3067 2973], now members of the 22nd Army Group, assumed responsibility for ensuring that every technical direction was actually implemented. Everybody signed or made his mark on the contract to show that responsibilities were taken seriously. After the contract was signed, General Tao went into the fray with all his energy to achieve high yields over the large area planted to cotton. Just as every common soldier, he regularly attended the lectures for cadres on cotton growing techniques given by specialist Di-tuo-fu [phonetic] and professor Tu Zhi, and he also regularly checked and supervised the companies and spurred them on in their work. Through the hard work of General Tao and all the cadres and soldiers, the remarkable feat was accomplished: The 20,000 mu of land planted to cotton in the Manas River basin yielded over 400 jin of unginned cotton per mu and thereby set a new nationwide record. From then on, the Manas River basin became one of the nation's important sources of cotton. At the same time, General Tao energetically supported and participated in building up the township of Shihezi on the banks of the Manas River. According to plan, he gradually built it up from a small place of about 200 inhabitants into a modern town with shade trees, proper roads, many factories, and comprehensive development of agriculture, industry, and commerce, so that people came to call it "the pearl of the Gobi." This is to the glory of the land reclamation army units of Xinjiang, also to the glory of the 22nd Army Group, to the glory of General Tao, and of the various nationalities of Xinjiang. In August 1952, the designations First Army Group, 22nd Army Group, and Fifth Army were abolished; they were officially organized into the Production and Construction Corps of Xinjiang, and General Tao was concurrently appointed commander of the corps, which spurred him on to devote himself with even greater vigor and vim to the great struggle of opening up the wastelands of the border region.

Before liberation, Xinjiang has had only a few handicraft factories and no modern industry. To develop Xinjiang's economy, the Xinjiang CPC subbureau and the Xinjiang Military Region mobilized all officers and men in Xinjiang to economize on food and clothing, reduce military expenditure, and to raise money, in order to develop industry. General Tao Zhiyue turned in all his savings of many years, 1,000 silver dollars and several gold bars,

which he gave to the Military Region to buy machinery and equipment. I was worried that by initiating this kind of action, he would cause embarrassment to the other officers and soldiers who had surrendered, and I tried to persuade him to take these things back. He felt it a thoughtful idea not to cause embarrassment and asked to keep his action secret from the others. In view of his sincerity, I accepted the thing he turned over. These facts testify to General Tao's great fervor for the development of Xinjiang and the development of the motherland. In his autobiography, General Tao expressed his idea on money, when he said: "It is natural for man to be fond of money; I am not averse to money. However, when it is a matter of weighing the priority as between reputation and money, one must not be blinded by profit and thereby forget righteousness. In the old society, there was absolutely no honesty and morality, and even those who intended to be honest and upright had, under various pretexts, to seek supplementary sources of income to pay for the necessities of life. I consider myself one of these hypocrites. Reflecting on the past in the light of the present, I cannot but blush in shame." I believe it was precisely in this spirit that General Tao supported the development of Xinjiang.

Before liberation, General Tao Zhiyue had been twice in charge of military affairs in Xinjiang. He had personally seen how the reactionary KMT ruthlessly domineered the fraternal minority nationalities, so that disputes frequently erupted between the different nationalities. Such disputes caused much distress to the members of the various minority nationalities in Xinjiang and were obstacles to efforts at preventing divisiveness between the minority nationalities, as they also jeopardized the unity of the motherland. After liberation, when he led his troops in reclaiming wasteland, General Tao regularly admonished his men to earnestly adhere to the party's policy regarding national minorities, to respect the customs and habits of the various national minorities, and to spare no efforts in achieving equality among all nationalities and the solidarity of all nationalities. He was highly praised by the fraternal national minorities.

As I fondly remember General Tao Zhiyue's contribution to the reclamation of wasteland in the border region and toward solidarity among the national minorities in the frontier region, I also think of the late comrades Zhang Zhonghan [1728 0112 3466], second political commissar, Zhao Xiguang [6392 6932 0342], deputy commander in chief, and Tao Jinshu [7118 2516 0443], chief of staff, all of the Xinjiang Production and Construction Corps. I also think of those cadres and soldiers who contributed to the reclamation of wasteland in the border region. They have given of themselves as a contribution toward Xinjiang's prosperity and strength and toward solidarity among the various national minorities.

### III

General Tao Zhiyue came from the old camp; he was a high-ranking KMT military officer, but he has always been vigilant against the long-standing malpractices of

the warlord-bureaucrats of the old society and the KMT, and has always been intent on his own ideological remolding. After his joining the revolutionary forces, his noble character was deeply revered by the people.

General Tao cherished a deep affection for the party. During the time we worked together, I was most deeply impressed by his earnest study of Mao Zedong's writings and of the writings of Marx and Engels. He would often consult relevant scholars and would earnestly practice himself what he advocated and do his utmost to live up to what he used to advocate. He had a special affection for the party. He believed that only by following the party will the PRC attain prosperity, and that being able to do this is the good fortune of his generation. In 1950, when he returned from attending the first CPPCC, he told me full of enthusiasm: On the rostrum, I was truly elated to see Mao Zedong, Zhu De, Zhou Enlai, Liu Shaoqi, Ren Bi [0117 1732], and other leading personalities of the party. I recorded every word and every phrase of their speeches and am determined to conscientiously pass the texts on to others and to implement what they had said.

Shortly after Xinjiang's liberation, thanks to the outstanding work done in Xinjiang by comrades Chen Yun [7115 0061], Mao Zemin [3029 3419 3046], Chen Tanqiu [7115 3389 4428], Deng Fa [6772 4099], and Lin Jilu [2651 1015 6424], a contingent of communists had been brought up in Xinjiang. According to Chairman Mao's directive, the CPC Branch Bureau in Xinjiang decided to promptly accept them into the party in separately spaced groups. To benefit an early start on work in Xinjiang, the Xinjiang CPC Branch Bureau submitted a proposal, which was approved by the Central Committee, to adopt an irregular method in accepting a small number of qualified prominent persons into the party. The irregularity consisted in: 1) No probationary period was required after acceptance into the party; 2) Qualification was immediately granted to serve as committee members in leading organizations of the party. It was at that time that comrades Bao Erhan and Sai Fuding [6357 4395 7844, native name Saifuddin] were inducted into the party and joined the leadership group of the Xinjiang party organization. At that time, I also discussed with General Tao his attitude toward the party and his personal wishes and considerations. He fully and frankly spoke of his past and present understanding and revealed his sense of political inferiority for having been on the wrong path for half his lifetime. I understood him well and gave him encouragement. In 1952, I again had a talk with him about organizational matters, when he earnestly indicated: "What I want, I do not dare request. I do not dare to lightly ask for the unusual favor of being accepted into the communist party, but it is my unswervingly firm determination to follow the party." In the question of joining the party, his was an attitude of strict self-discipline, and it was only in 1965 that he submitted his application to the party organization. Because soon thereafter the 10 years of turmoil erupted, and these events delayed General Tao's entry into the party. After

the 3d Plenary Session of the 11th CPC Central Committee, as he witnessed the rapid progress in the motherland's prosperity, he again submitted, in 1982, an application for admission to the party, which was quickly approved by the Central Committee and the Central Military Commission. General Tao had his wish fulfilled! I was happy for him.

When Chairman Mao Zedong met General Tao for the first time in 1950, he urged him to overcome three difficulties. Chairman Mao told him: You must study arduously, effect your ideological remolding, and pass three tests. First test is the war of liberation, that is already a matter of the past. You passed that very well. Second test is the test of the land reform, that test will soon be over. Third test is the test of socialism. That is not yet on, but you must prepare yourself ideologically. General Tao always cherished Chairman Mao's expectations of him. By his own efforts, General Tao successfully passed the three tests and became a champion of communism. That is General Tao's highest honor.

Since his surrender, General Tao maintained uninterrupted excellent relations with the party and showed loyal devotion to the party. With regard to his thoughts, problems, and any suggestions, he could open his heart to the party. Still as early as 1952, the movement against corruption, waste, and bureaucracy was launched nationwide, and this caused great fear among all officers and men who had surrendered, because only a few of the officers of the former army could claim to have been untainted by corruption. General Tao came to discuss this with me frankly in good time. The Xinjiang CPC Branch Bureau viewed this matter very seriously, and after a thorough study decided, considering the desirability of maintaining solidarity among the largest number of people concerned, to draw a uniform line of distinction, when subjecting troops that had surrendered to the "three-anti" movement: Anything that had happened before political cadres had been provided shall not be enquired into anymore. Once after this line of distinction had been drawn, peace of mind was restored among the members of the 22nd Army Group. Up to the conclusion of the "three-anti" movement, no serious offender was ever seized among the officers and soldiers who had surrendered. Without the sincerity displayed by General Tao in his dealings with others, there would not have been this specific policy and its successful implementation. Later, Chairman Mao expressed appreciation of the way this matter had been handled.

General Tao was a person of integrity who highly treasured the brilliant culture created by the Chinese nation and its excellent traditions of diligence, love of peace, wisdom, and frugality. He was an enthusiastic supporter of the four socialist modernizations of the motherland. He believed in truth, in a clear distinction between right and wrong, and firmly believed in the continuous progress of human society. Whatever the storms of politics, he would never trim his sails to the wind or kick a man when he was down. In 1952, the democratic

reforms and the production and construction by the PLA in Xinjiang came under unfair and rough criticism, but General Tao was not afraid of powerful forces, and firmly insisted on establishing truth from facts and on defending justice. When some people, without basis in facts, alleged that we three, he, myself, and Zhang Zhonghan [1728 0112 3466], party secretary of the production corps, were like the proverbial "three sworn brothers of the peach garden, bound together in righteousness," he only laughed it off, saying: All my life I have anyhow emphasized righteousness. After liberation, if there is talk of patriotism and socialism, I am all ears. At the time when the two counterrevolutionary groups, Lin Biao's [2651 1753] and the "gang of four," ruthlessly persecuted the old cadres, he wrote me several times from Changsha, with poems composed for me, and displayed an open-hearted, unperturbed mind amidst the big issues of right and wrong.

Comrade Tao Zhiyue was an exemplary communist, a high-ranking general of the revolutionary army, who loved his country and its people. His great merit and contribution was to have brought over to our side the KMT troops under his command. He was a man old in years but still cherishing high aspirations and full of inexhaustible vigor, when he led the Xinjiang Production and Construction Corps in reclaiming wasteland in the border region, an immortal feat of great merit, and outstanding in style and conduct.

In deeply mourning General Tao Zhiyue, we shall fulfill his dying will of wholehearted struggle for the great cause of constructing a socialism with Chinese characteristics, as Comrade Deng Xiaoping proposes, and of uniting the motherland.

**Best Selling Novel Excerpted and Reviewed**  
40050239 Hong Kong CHAO LIU [TIDE] in Chinese  
No 23, 15 Jan 89 pp 90-93]

[Article: "Blood-Tinted Dusk: Young Educated Women Under 'Sexual Blackmail'"]

[Text] "Blood-Tinted Dusk" is the mainland's most recent best selling novel. Its author, Lao Gui [Old Devil], was sent to 8 years of manual labor in a rural village in Inner Mongolia, where he suffered hardships and persecution. A synopsis of this novel's story appears separately.

The three stories in this article have been selected from chapters 27, 32, and 49 of the novel. The stories occurred in rural Inner Mongolia during the "Cultural Revolution." The urban educated youths sent to the "Inner Mongolian Production and Construction Corps" performed repetitive labor that produced minimum returns each day. Everyone lived under the shadow of "no tomorrow," and virtually all the females faced "sexual blackmail" at the hands of company, regimental, and division cadres in the "corps". These women "chattels" of those in authority lacked independent human rights.

Consequently, they usually did not dare reveal that they had been raped by those in authority. As a result of the power holders' "sexual blackmail," quite a few women gained "benefits from sexual relations," which they were able to trade for job transfers, household registration changes allowing return to city residence, and opportunities to go to school. The novel describes the humiliating life of these young educated women in an "alternating images" style.

In the writer's portrayal, virtually all of the "sexual blackmailers" and "sexual aggressors" in the story are hypocrites. Military Doctor Wang, who is ordinarily careful of his "military bearing," the "strongly principled" Political Instructor Shen, his mouth filled with slogans, Regimental Political Department Director Li, who is forever saying, "maintain the Party's fine work style," and Deputy CPC Committee Director Liu, who is regarded as an outstanding political cadre, and who "is extraordinarily considerate of his wife" are all debauchers who bully and humiliate weak women.

When reading this novel, the reader might also turn to the academic treatise in the twenty-first issue of this magazine titled, "Gray Markets, Opportunity Costs, and Sexual Relations Benefits" for a possibly better understanding of the social phenomena of "sexual blackmail, and "sexual relations benefits."

#### 1. Exchange of "First Night Rights" for Light Work

This is how they spent the lunar New Year in 1970.

On the 7th, they went up into the mountains where they talked with great relish about the big news in the company, Medical Officer Wang's romantic affair. This gentleman had looked after a female patient with extraordinary zeal.

*Yang Lanlan was a very lovely girl from Tianjin. After arriving at the corps, she disliked making adobe bricks and building houses because the work was too tiring, and she thought only about finding work requiring less exertion. She took a fancy to the work of a medical orderly, and she visited the camp dispensary almost every day.*

*Medical Officer Wang agreed to recommend her to the regimental hospital for training... Late one night, while on guard duty, she went to the dispensary to get warm. He kept her there... Thus it was that they came to have sexual relations many times without anyone knowing it.*

Later on, they were accidentally discovered, and the political instructor summoned the medical officer for a talk. Medical Officer Wang shed bitter tears, beat his chest and stamped his feet in sorrow, and swore that he would straighten himself out. For several days, he did nothing but cry, and he seemed to be too ashamed to go on living...

Fearful that something might happen, the political instructor promised to keep the matter secret in order to give him an opportunity to reform.

But after a time, they continued to do it, and Yang Lanlan became pregnant. This worried Medical Officer Wang terribly. He had her ride horses and dash around wildly to make the baby come, and he gave her medicine to abort it, all to no avail. Finally, he allowed her to return to Tianjin on a false diagnosis of hepatitis in order to have a surgical abortion. When Yang Lanlan's parents found out she was pregnant, they wrote a letter of inquiry to the regiment.

*Once again, Medical Officer Wang masterminded a scheme on her behalf, telling her to say that she had been raped on the grasslands by an unknown herdsman.*

*Medical Officer Wang had a wife and child. He had refined features, and a gentle and cultivated appearance. He never used foul language, and was always careful to maintain a military bearing. No matter how hot the day, the hook and eye on his collar was always securely fastened, and his hat was on straight. The same was true even in the dormitory.*

The gray-haired Deputy Political Commissar Liu came in person to Seventh Company to investigate and handle this problem. At a meeting of the full company, the old commissar said sternly, "Wang Wanping's mistake is extremely serious. He is not only morally degenerate and has besmirched our army's reputation, but he has also made up groundless allegations that slander the minority nationalities, which has a very bad political influence. After the leaders pointed out his mistakes, he feigned compliance, but refused to repent and reform. After study, the regimental CPC Committee has decided to cancel Wang Wanping's Party membership, and to record a serious offense in his record as punishment. This is both a lesson to Wang himself and also a warning to all who violate the law and Party discipline!"

Finally, Deputy Commissar Liu reiterated that "Soldiers in the corps are forbidden from having a love affair for 3 years. Young people should have great aspirations and lofty ideals. They should marry late and postpone love. They should not be such good-for-nothings."

## 2. Political Instructor Shen's Sexual Blackmail and a Party Card

*The news about Political Instructor Shen screwing a hussy spread like wild fire, and was soon all over the company.*

Ever since he had put the gang of young Beijing intellectuals in their place, his authority was acknowledged by all the 400 people in the company. No one dared provoke him anymore. Young people who wanted to get ahead, and who wanted to get into the Youth League and the Party, flocked to him. He was proud of his position, and his old illness recurred.

Although he had severely punished medical officer Wang and the young educated woman for their promiscuity, at New Year's time, he became drunk and lay in a stupor in

*a girl student's quarters unable to rise. Li Xiaohua and another young educated woman helped him home. Walking along in the darkness, he happily kissed Li's forehead. Li Xiaohua wept loudly because of this, and reported it to regimental headquarters. Old Shen firmly denied it and said that she was too sensitive. This matter also set off a storm, and Old Shen's belly went without food for 2 days. Nevertheless, this did not extinguish the flaming desire in his heart. These more than 60 fresh and luscious young women from the city had faces like bunches of fully ripe, sweet grapes that enticed him into wanting to taste them no matter what.*

The young Qi girl, who even dreamed about entering the Party, kept trying to get close to the Party organization despite rebuffs. She was active in her work, spoke enthusiastically at meetings, and cleaned the toilets of her own accord every week. Whenever she had free time, she ran over to the political instructor's home. Old Shen realized that this young girl was determined to enter the party, and that she would not hesitate to sacrifice her at all to do so... After Company Commander Wang returned home to visit relatives, company headquarters was deserted. The situation was ripe. Through a combination of earnestness, a smiling face, and a gift of his wife's shortsleeved sweater, Old Shen was able to take Qi Shuzhen into his arms easily, and the two slept on Company Commander's bed.

*Results were not slow in coming; on the following day, Old Shen gave her a Party registration form... She also went to work at the Youth League. The green light was on to solve advanced representative organizational problems.*

Soon the ideal about which Platoon Leader Qi had dreamed was realized. She was the first of all the educated youths in the company to enter the Party.

*During the time when Political Instructor Shen and Young Qi were making illicit love, he continued to work as hard as before, or even harder. After going to class each day, no matter how cold the day, he would make the rounds of each platoon work site, his hands clasped behind his back and his big belly sticking out. Then he would return to the company headquarters to work with the cadres there on gaining an understanding of the ideological state of all personnel. At the evening company meeting, he would continue to stare with his large eyeballs while delivering a severe dressing down to the soldiers in the corps. He warned Zhang Baofeng that if he played sick again, he would have his wages docked; he warned Liu Fulai that any more dallying with women and he would be sent off to the mountains to break rocks. Secretly sleeping with a young female intellectual did not shake in the slightest the principles that this political worker held.*

Unexpectedly, Li Xiaohua discovered his secret. She was furious with the political instructor for his lecturing, and she could not stand Qi Shuzhen's mad desire to join the Party. Keeping her eyes wide open, she found their weak

point. No matter how experienced the political instructor might be, he was unable to avoid the probing eyes of a woman who thirsted for revenge.

Two months later when Company Commander Wang returned to the company, Li Xiaohua made her report. Company Commander Wang had regularly been pushed around by the political instructor, so now his chance for a blitzkrieg suddenly appeared. He waited until Old Shen went to a meeting at division headquarters; then he called in Qi Shushen. Using threats and cajolery, he obtained the facts of the matter. Then he had her write a complete account of all that had happened, which he forwarded to Commissar Kang, who had recently transferred into the corps.

After finding out, Old Kang roared: "Right in front of our fucking eyes! A political instructor taking the lead in fooling around. Isn't this the limit?" The Standing Committee meeting condemned Old Shen something awful...

After the political instructor's family heard the news, it went to pieces, cried, raved, and cursed him, calling him "shameless" and a "stud jackass"... Old Shen hid out at home all day long, refusing to go out.

Finally, the CPC Committee turned him over to the Party procurator for disciplinary action, and transferred him to regimental logistics as an assistant.

Weary from travel, Vice Commissar Liu arrived at 7th Company to investigate and handle the case. At a meeting of the whole company, he rebuked everyone saying, "Ever since your 7th Company was founded, there has been no end of unhealthy trends and evil practices. No sooner was the Wang Wanping case disposed of than the political instructor comes along." The old commissar waved his hand vigorously and said, "We are determined to make a vigorous attack on these unhealthy trends and evil practices. We positively will not go easy! We are here to open up wasteland and not to screw women. Your company needs a thorough disinfecting, and a thorough clean up!"

The old commissar then sternly declared once again, "Soldiers in the corps are forbidden to have love affairs for 3 years."

The entire company halted work for a day to discuss Deputy Commissar Liu's speech, to expose and criticize Shen's mistakes, and to disinfect the company against carrying on with hussies...

### 3. Deputy Commissar Liu Is Himself an "Old Lecher"

#### • Warm Caring for the Livelihood of the Intellectual Youth

After he heard the news about people having burned to death, Deputy Commissar Liu could not eat. He lay abed in a daze all day long. When the orderly called for a

doctor to come, he said hoarsely, "There's nothing wrong with me; I'm just sick at heart. These babies; it's such a pity!" As he spoke, large tears fell.

Deputy Commissar Liu was crying! Without anyone saying a word, seven or eight young people from the communications squad, the telephone squad, and the cadre mess hurried to Deputy Commissar Liu's room to urge him along and comfort him...

Choking back sobs, Deputy Commissar Liu said, "Comrades, I let down the Party, and I let down the young intellectual babies! While soldiers from the corps were beating out the flames, shouting, and sacrificing themselves, I was....was at home asleep..." Deputy Commissar Liu spoke in short gasps as he labored for breath.

The educated youths, standing stiffly, wept along with the deputy commissar.

"Comrades, The soldiers in our corps have the right stuff! That girl in the corps, Su...Litang was obviously sick, so the leaders would not let her go, but she sneaked a ride on the 7th Company tractor to go to the scene of the fire..." Deputy Commissar Liu's tears were gushing like a spring. "I, I...let these babies down; I...I." He hung his head and sobbed so much he was unable to continue speaking.

The young girls who had been at the scene of the fire whimpered, and the faces of the young men were also streaked with tears. The atmosphere in the room became holy.

If the grasslands had needed more lives, these young people would have fought to be the first to die right now. The deep feeling and the tears of the old commissar moved them, and made them wish there were another conflagration where they could do rescue work. Even if they were burned to death, they would be willing...

Deputy Commissar Liu was a very tall man, lean, and with a dark complexion. He had clean-cut features, and usually he wore a uniform bleached by many washings. He was a very genial person, amiable and easy to approach. He never vented anger against subordinates; whenever there were difficulties, he always spoke in a let's-talk-about it tone.

The 61st Regiment had too few amiable cadres, so he stood out. This old man, with his strict style of doing his job, treated the young women intellectuals as though they were his own daughters. Not only was he very solicitous and considerate, but also very proper. When his chronically ill wife visited the corps, he couldn't do enough for her. He washed her clothes, cooked, and kept everything spic and span. He also held his wife by the arm as they went for walks on the grasslands, and sunned themselves... For a time, everyone talked about this.

Following the Lin Biao incident, the old man's spirits sagged somewhat. Was it that his body had not become acclimated to the border region causing him to get sick all the time? Or was it that he had complaints against cadres at a higher level because of their factional disputes in which he was elbowed aside?

Whatever the case, he and Commissar Kang did not like each other from the beginning, and sometimes there were little frictions between them. At first, when he was deputy director of the Security Department, he was reviewed by the division commander and the army commander, and he sometimes came in contact with senior officers in the military region, so naturally he was averse to Old Kang. He regarded Old Kang as nothing more than a small county seat People's Armed Police political commissar!

Nevertheless, he had a lot of self-control, and buried everything inside himself. Ordinarily, he treated Commissar Kang with courtesy. He had one amazing ability, namely that when he was seething inside, nothing could be detected on the outside.

He was responsible for implementing cadre policy, and his efforts had succeeded in freeing all of the Mongolian cadres at the former farm headquarters. Though he had not yet found them work assignments; nevertheless, this single act had won the unbounded appreciation of the broad masses of Mongolian cadres. Whenever Deputy Commissar Liu was mentioned, the old Mongolians would hold their thumbs up and say, "A good cadre!"

After the Lin Biao incident, however, Old Kang was less friendly toward him. When he was chatting with a young intellectual, he spoke about an experience in providing security for Deputy Chairman Lin Biao, whom he praised. Though a small matter, Old Kang latched on to it and spread it everywhere. Senior division cadres reprimanded him for this, and he seethed with rage. His old illnesses recurred.

He suffered from nervous headaches, a gastric ulcer, and asthma, and he lived alone in a secluded spot behind the regimental headquarters auditorium. Every morning, he swept the road clean in front of his house, so that when people passed this way, they could not help but feel a little bit respectful.

Sadness, dejection, and depression all attacked this gray haired old man at once. There was too big a difference between the big buildings of a military hospital organization and the small rustic house here on the border. In addition, Old Kang's warlord style was almost impossible to bear; every matter in the regiment, large or small, had to be decided by him personally, and several spineless people even toaded to him!

- **In Bed With a Female Telephone Operator in Front of Mao's Portrait**

When he was feeling melancholy, it was a large number of girls that gave him the greatest consolation. It was in this way that his friendship with Young Wu, a telephone operator, began.

One night he fell ill and lay in bed. No one answered the phone at the hospital, so Young Wu personally went to the hospital to get the doctor on duty... While chatting, Young Wu revealed that she would like to go to college.

Deputy Commissar Liu agreed to help her, and he repeatedly admonished her to work hard, do as the leadership required, and develop good relations with the comrades in the Party.

Thereafter, whenever Young Wu could not decide what to do about anything, she would bring it to the political commissar, and even before she returned home on a visit, she stopped to say good-bye to the political commissar.

The political commissar had done advanced work at the Institute of Political Science and Law, and he possessed a great breadth of knowledge. He was well versed in the history of the Great Cultural Revolution in Shanxi and the people's sentiments and customs there. He was extremely well acquainted with matters involving Tao Lujia [7118 7627 5401], Wei Heng [5898 1854], Liu Geping [0491 2706 1627], Zhang Riqing [1728 2480 3237], and others in the power-holding faction of the Shanxi CPC Committee during the 1960's. Young Wu enriched her knowledge and broadened her horizons by talking to the political commissar. The political commissar frequently asked Young Wu to help him copy materials, and he gave her candies that others had sent him. He even personally sliced an apple for Young Wu. Even when he lost a few games of checkers to Young Wu, he remained so nice and genial.

A big fire broke out in 63rd Regiment. None of the principal cadres in the regiment were present; only Commissar Liu was there. The hectic running around he did that day made him unbearably tired, and his old illnesses flared again. He vomited from one end and had diarrhea from the other. As soon as Young Wu found out, she came at once to look after him... ...In the middle of the night, the political commissar took hold of Young Wu's hand and said with gratitude, "Young Wu, I have really given you a lot of trouble." Young Wu shook her head shyly. She did not withdraw her hand at once, and then an arm embraced her around the waist. The girl became alarmed and did not know what to do as dry, cracked lips blocked her mouth. "Never mind. Don't be afraid," the political commissar whispered.

*Young Wu lay weak and limp against the political commissar's chest, allowing him to proceed step by step. The light was still on. From a portrait on the wall, the kindly gaze of Chairman Mao beamed down on the two of them.*

On the night of the conflagration at Wulasitai, just when the intellectual youths were risking their lives in rescue work, our exhaustion-sickened deputy commissar was lying quietly with the female telephone operator in his arms. He had a heavy and weary look, and it seemed that this was a way to relieve his fatigue.

On the following day, after hearing about the people who had burned to death, he shed tears of sadness...

*Not long afterward, Young Wu went to college, all sorts of feelings welling up in her mind.*

*After he got over his sorrow and regrets, he continued a close relationship with many of the girls.*

*Gradually, the girls became a support in life that he could not do without for an instant, like the sunshine, air, water, and medicine. If he left these girls, his head ached and his stomach pained so much he could not endure it, and his quarters lacked warmth and cheer.*

*Day after day, the naive and innocent young girls became his one bit of warmth and light in the wilds of the frontier region. Such a strangely efficacious prescription. The young girls were his serotonin; the young girls were his oryzanol; and the young girls could cure his migraine headaches!*

- Commissar Liu "Fools Around With" Nine Young Female Intellectuals

His fondness for girls aside, Deputy Commissar Liu had no other foibles. He was the least assuming of the regimental senior officers. On holidays, he would often visit companies in the corps to chew the rag and play military chess with the soldiers. Whenever the young intellectuals had a gripe, they would come to him with it, and he never tried to cover up the military's shortcomings. He really dared to stand up for the educated youth...the soldiers in the corps liked to be with him, and they liked to talk to him about problems they had on their mind, particularly about girls.

Because he was at loggerheads with the political commissar, and because he was in poor health, he worked less and less. For the past several years, he had been to Beijing, Shanghai, and Tianjin in search of a cure for his nervous headaches. At the same time, he had sex with nine young educated women, and these young women were a prescription that were able to revitalize him, soothe his liver, and regulate the flow of his vital energy better than any root of Chinese thorowax or musk medicine.

Commissar Kang became aware of what was going on and sent Political Department Deputy Director Liu to conduct a secret investigation, but he found no evidence. *Later on, a young orderly in the division headquarters guest house accidentally caught them redhanded. The woman was a nurse from the regimental hospital named*

*Ge Xiuzhu who was engaged in advanced studies at the division hospital. A great public outcry resulted. As far as the people in the 61st regiment were concerned, the news was just about as shocking as the Lin Biao incident. Deputy Commissar Liu had always given such a very good impression, and he had always been so warm and considerate toward his wife, deferring to her like a guest.*

*It was also strange that at the time of the investigation, those who had been hurt said much good and little bad about him.*

The division decided to suspend him from his duties so he could reflect on his wrongdoing.

His headaches, his stomach ailment, and his asthma all flared up. He was nauseous, vomited, could not sleep, became constipated, coughed... He asked for leave to go to Tianjin for treatment. Surprisingly, at Chifeng, he met young nurse Ge, who was returning home to see her family. Though relations between them had seemingly been severed, they were still intact; a deep bond of affection bound them together. Deputy Commissar Liu bought a transistor radio, leather shoes, and some brightly colored lingerie for Young Ge, and Young Ge painstakingly knitted a suit of doubleknit long underwear for the political commissar.

*Later on, like a young man passionately in love, the old man committed some lewd acts in the water park in Tianjin for which the workers' militia arrested him on the spot. It was not until his documents were checked that he was found to be still in active military service, so he was sent to the Tianjin garrison district. The garrison district notified our division in turn, asking that someone be sent to get him, and suddenly a sensation was created throughout the whole 7th Division.*

The speed with which the news of the sex scandal spread far exceeded the 80 kilometers per hour that a Beijing jeep can travel, especially since even before the previous case had been put to rest, another more outrageous, and more salacious one had occurred.

When Deputy Commissar Liu was doing procuratorial work, his face kept its usual expression, and he was calm and unhurried just like the year when he gave guidance lectures on "criticizing revisionism and rectifying work style." Because of his case, cadres throughout the regiment held two criticism meetings.

After the news spread, the soldiers in the corps quickly began to look at him in a different light. Some cursed him as an "old woman molester," a "lewd rascal," or an "evil old dog"... Many young women avoided him when they walked, and spit behind him.

This old fellow was extraordinarily cool and collected; he showed that he had experience with life, and that he had been deputy director of the guard department. He remained the same as before, neither humble nor

haughty. With a kind and pleasant countenance, he would greet those young people whom he knew. When he went to have an illness treated, he continued to make small talk with the nurses at the regimental hospital as though nothing had happened.

One thing that puzzled people was that he and his wife had been very much in love for many years. He has spent nearly 1,000 yuan to cure his wife's illness, and when he visited his family, he washed his wife's feet, cut her hair, washed her clothes, cooked, and did every household chore...

- **Regimental Political Department Director Rapes and Blackmails**

The Deputy Commissar Liu affair had not yet quieted down, and people's interest had still not died out when another explosive piece of news spread through 61st Regiment. Director Li of the Regimental Political Department had been accused of raping a young educated girl, and of taking bribes. He was suspended from his duties.

#### **The spring of 1975 was exciting!**

Director Li was an old subordinate of Deputy Commissar Liu, but he also had pretty good relations with Commissar Kang.

*A Mongolian teacher in 4th Company wanted a transfer to a job in the Education Bureau at Xi Ujimqin Banner, but Director Li would not release him. Later on, this teacher realized that if he gave Director Li 120 fox pelts, and 3 zhang of cotton flannel, he could leave the 61st Regiment. It was nothing out of the ordinary for the educated youths to give him wristwatches costing 300 yuan a piece.*

*Medicines such as jiaqingmigua [3946 8642 0743 0722], and serum albumin, which a minister could get only with difficulty in Beijing, could be obtained by this grade 19 political department director without any effort at all. Those educated youths who hoped night and day that they might be able to return to their parents spared no expense, and got their entire family to dash around and use every possible means to get merchandise in short supply to send to the director as gifts. When nearly 100 educated youths through the regiment used various social contacts to go all out to buy things to offer to Director Li, would not even a rogue minister in Beijing be too lowly by comparison?*

*With plentiful goods and materials at hand, Director Li could be very generous in giving one thing or another to people without the slightest pain. A gift of a camera was like tossing out a pack of cigarettes...all problems public or private could be solved.*

*Director Li had one weakness, and that was whenever he met a young female comrade, he always liked "three matches." The first was to match height; the second was to match arm thickness; and the third was an arm wrestling match. His "three matches" enjoyed something of a reputation in the regiment.*

*Although Director Li represented the CPC Committee in making reports at the regimental political work meetings, where he spoke very vehemently about maintaining the Party's fine work style, and raged against those who engaged in dishonest practices, this did not prevent him from transferring several of his rural relatives to the corps and changing his residency status to that of city and town dwellers; nor did it prevent him from allowing a rural uncle to take up residence in the corps hospital and pocket payments for treating illnesses.*

The regiment issued repeated injunctions strictly prohibiting the use of publicly owned lumber for making furniture. When Director Li himself served in 8th Company, he personally dealt with cases of this kind, yet the splendid armoire, and the very stylish overstuffed sofa in his home... well, just what furniture had not been made from battalion lumber?

The exposure and criticism of these old comrades-in-arms, Deputy Commissar Liu and Director Li, was especially big news in the 61st Regiment's political forum. People from every company came forward to lodge charges, and there was much discussion with much gloating over their misfortune. These two provided quite a bit of material for conversation in the solitary life on the grasslands. The old bachelors who drove carts particularly relished talking about it. They got the most pleasure from news about indecencies, and they sometimes fumed and fulminated with indignation. When a single official can screw a whole dozen girls, and we can't get even one, who wouldn't be angry?

After I heard about the Deputy Commissar Liu and the Director Liu scandals, I was ecstatic. On that day, I loaded a lot of manure fast, and I drove the cart particularly well, as lightly as a breeze. When I thought about how they had treated me like a sucker, I was burned up. When I saw how well Deputy Commissar Liu treated the women, I envied the women. The pretty girls entered and left the senior cadres' offices as though entering and leaving their own homes without obstruction. They also advanced rapidly, and they got all the good assignments. The lousy thing was that we young guys received no favors; we had a life of hard work!

#### **Review: "Blood-Tinted Dusk," a 3 Million Copies Best Seller. Book by Lao Gui [Old Devil], a Nephew of Bai Yang [4101 2799], Becomes a Hit**

"Blood-Tinted Dusk," a full length novel that describes life during the "Cultural Revolution," has become a best seller in mainland China. Since publication by "Workers Press" in June 1987, more than 3 million copies have been printed.

The author, Lao Gui, whose real name is Ma Bo [7456 3134] is 37 years old. He is the son of "Song of Youth" author, Yang Mo [2799 3106], and the nephew of the renowned movie actress, Bai Yang (the wife of Jiang Junchao [5592 0689 6389]).

The back jacket of this book provides the following synopsis of the story:

This is a new kind of full-length novel written in the style of investigative journalism.

Lin Hu [2651 7711], part angel and part beast, is a strong minded loner, and an expert at both boxing and wrestling. Earlier, as a Red Guard, he and a bunch of hot blooded youths sneaked across the border to help the Vietnamese resist the Americans. Later, he went on foot to the grasslands near Xi Meng in Inner Mongolia to live and work as a member of a production team. Because he offended the squad leader, he was accused of being an active counterrevolutionary and thrown into jail. At the same time, the educated youths in the production team also began to fall apart, to feel inadequate, and to degenerate. Their self respect vanished, and their individual souls became deformed. Close friends betrayed and sold out each other. Relationships began to change even between mother and son, and the hypocrisy and ruthlessness of CPC committees and directors were even more shocking. Here, the author clearly presents a factual but frightening spiritual wasteland.

During those days when darkness eclipsed sunlight, age, truth, and moral character, Lin Hu spent 8 years in reform through labor, a lonely, confused, and animalistic person painfully undergoing the total destruction of himself in the midst of anguish, and building a completely separate world of his own for his body and soul.

The prostrate deformed reflections, the naked black lust, the manacled sight, and the singleminded soul-searing concern about keeping alive was all there was. Thus, the most impassioned, most tormented, most persevering soul has never entered "her heart," and has never been able to live peacefully in that mysterious and gentle world.

*The saddest thing is that the ideas of millions of these educated youths have been forcibly taken away by these devils from the darkest part of hell. Frantically they worked to turn a beautiful meadow into a sandy wasteland, thereby condemning themselves for a millenium.*

Mankind will not forget that such a shameful incident occurred on the most magnificent planet in the solar system. *Escape of the leading character into the barren hills at night; bands of crying youths howling pitifully together; tracing the "Insider Party" through a bloody trail; young women trading their bodies for a future prospect; 69 educated youths burned to a crisp; and the sick minded, sex driven, lust mired lechers who hold power crazed with debauchery and falling over the moral precipice in their ugly, naked hideousness all command one's attention and shock one's soul.*

The unusual maturity of Xu Zuo, the sincere and pious purity of Liu Yinghong, the proverbial coloration of Luo Xiangge, and the mercurial mixture of obsequiousness and chivalry of Lei Xia are all presented in a lively and powerful manner and, like a sculpture in relief stand out between the rows of words.

The language used throughout the work is forceful and robust; the color lush and unrestrained; and the contents rich and penetrating. After reading the book, one is deeply moved, profoundly shaken, and one calls it to mind endlessly.

## NATIONAL AFFAIRS, POLICY

**Improving Economic Environment, Rectifying Economic Order**  
40060277 Shanghai SHIJIE JINGJI DAOBAO  
in Chinese 9 Jan 89 p 6

[Article by Xu Xuehan 1776 7185 1383: "Some Problems and Suggestions Regarding Improvement and Rectification Work—The Next 5 Years Will Be Fateful for Success or Failure of the Reform; There Is a Deep Desire To Have the CPC Central Committee and the State Council Start With Themselves in a Thorough Implementation of the Decisions of the 3d Plenum"]

[Text] Even if it may already be late in the day to start in earnest on improving the economic environment and rectifying the economic order, there is still time if one is firmly resolved to do so. During the last 10 years, huge successes have been achieved, be it in reform, opening to the outside, or in economic construction; this is obvious to all. However, in concrete work done, many shortcomings and mistakes have also become evident. The following are some of these major problems:

Currency inflation has endangered reform and construction. By failing to start out from the specific realities of China's national condition, and not heeding the cruel lessons of repeated large ups and downs in economic developments during the 29 years since the founding of the PRC (from 1949 to 1978), some few economists put forward a "doctrine of beneficial effects of a moderate degree of inflation." Their idea was to create artificially an accelerated economic growth by increased issue of money. While asserting that we have arrived by this year at the opportune time for a policy of "really big" economic development in the coastal regions, they caused nationwide excessive exports and imports and an overall upsurge in development and construction. In the end, what came out of it was a rapidly growing inflationary tendency which it was impossible to contain.

In urban reform, the primary pattern has been the "regional delegation of administrative powers" (there have also been vertical redistributions of power, such as the comprehensive contractual undertakings of entire trades), and these have been detrimental to efforts to the enliven the enterprises, as also detrimental to macroeconomic regulation and control. Appropriate delegation of power through reform and rational stimulation of the zeal of each particular party involved, i.e., of the central and local authorities as well as of the enterprises, are necessary measures, but the great decline in the state's ability to regulate and control has been brought about mainly by the administrative delegation of powers. Speaking of public finance, by continuously relinquishing profits to enterprises and reducing their taxes, by instituting the system of "eating from separate kitchens" in the case of provinces and municipalities, by instituting, up to this year, contractual responsibilities in financial matters on a large scale, and by fixing contract base

figures according to actual contract completion figures, a most unfair situation was created, in that the provinces and municipalities were getting the thick end and the financial administration of the central authorities getting the thin end of things. Contractually assumed obligations are fixed for 3 or 5 years, and increased income due to economic growth or inflation during that time accrued to the local authorities, so that it happened that the annual increases in revenue of the central authorities were not even sufficient to compensate for the increases in commodity prices, and thus caused the financial capacity of the central authorities to dwindle. Speaking of monetary affairs, the secondary organizations of the Central Bank are not set up according to the key cities of economic regions, but according to the administrative delineation of provinces and municipalities. The local governments at all levels have enormous power to interfere in monetary matters. Responsibility for credits is also contractually assumed by the various provinces and municipalities, and separation in monetary matters has become firmly established. Furthermore, according to the system instituted this year, responsibility for planned foreign exchange income from foreign trade has also been contractually assumed by the various provinces and municipalities, and the same has been done for authorized retention of foreign exchange and for foreign exchange allocations for imports. Even the issue of export and import licenses has been delegated down into the hands of the local authorities. How, then, can the relevant department of the central administration exercise its functions? The initial stage of this regional redistribution of financial powers has been completed. Because provinces and municipalities have in turn concluded contracts at various levels with prefectures and counties, another redistribution of powers has occurred at a secondary level.

Reform lacked comprehensive planning, policy decisions were "short-term." For instance, when prices for means of consumption were first decontrolled, while the double-track system was applied at the same time for means of production, no market organization, market regulation, and necessary legal provisions had been provided to cope with this situation. In this way, the bizarre situation arose that everybody, i.e. party, government, military, civilians, and students, started up some kinds of business, and the entire circulation, nay, the whole country, high and low, became one "chaotic hubbub." And furthermore, the policy adopted for exploiting natural resources was to "open up on a large scale; where a resource is found, let it quickly be exploited," the policy adopted for the treatment of intellectuals was one of "self-improvement," etc. Although short-term successes had been achieved, the situation, even before half a year had passed, was that negative effects exceeded positive effects.

The lack of a systematic and effective industrial policy. Although the economic adjustments between 1979 and 1981 improved the economic structure in its relationship between agriculture, light industry, and heavy industry,

this state of affairs could not be maintained and continued for long. Determining that agriculture, energy sources, communications-transportation, and science-technology be strategic key areas, as was done at the 12th CPC National Congress, was enacting an industrial policy on correct principles. However, this absolutely correct decision was (a) never further defined in more concrete terms, and (b) never implemented in the form of an effective mechanism and by means of resolutions, thus, it never assumed real form and shape. On the contrary, since 1984, the economic structure deteriorated. First, there is China's agricultural reform. Cultivation by families under the contract responsibility system together with the adjustment of grain prices achieved excellent results. Year by year, there was abundant production of grain, cotton, and edible oil, reaching its peak in 1984. Some people then assumed that the foodstuff problem was solved and started to reduce material investments in agriculture and increased the burden on the peasants, furthermore also reduced the contractual procurement of grain and oil, which made up the income of the peasants. The result was that the peasants' enthusiasm for growing grain crops was greatly dampened. Second, the flourishing development of town and township enterprises in recent years contributed new vitality to the national economy. However, to some proportion this development had relied on various kinds of "favorable treatments" by the local governments, including improper tax exemptions and waivers, "blood transfusions" in the form of credits, had relied on actions that reminded of the proverbial "pulling at the shoots to help them grow" [spoiling things by excessive enthusiasm—quotation from Mencius]. Due to the fact that a systematic industrial policy was nonexistent, also due to the lack of information to guide action, these enterprises could not develop in a normal and healthy way. Third, in the preferential treatment for imports of technologies and foreign capital (in the forms of sole proprietorship, joint venture, cooperative management capital), the main thing was that bias was shown toward certain regions, and it was not based on the state's industrial policy, a policy of technological structuring, etc. Duplicative imports and duplicative constructions had industry develop in the general direction of difficult to absorb domestic electrical appliances, especially those that are highly wasteful of energy, and would aggravate the nation's shortage in energy sources. Finally, too fast a development of the general processing industries, while the development of the infrastructure and basic industries stagnated, had caused an increasing stringency in energy sources, raw and semiprocessed materials, as well as in communication and transportation facilities throughout the country, which again turned out to be an element of a conspicuous imbalance and instability in social and economic developments.

Delay in the reform of the political structure. In 10 years of reform, there have been some reforms of the political structure, and some progress in these reforms. However, in the almost 40 years since the founding of the PRC,

and especially during the last 10 years, the administrative structure has grown more and more cumbersome. The more redundant officials there are, the larger the spread of bureaucratism, a malaise that has become incurable. The method of transferring personal rights down to lower level, which was the practice at one time, proved unavailing, because of the lack of an appropriate supervisory system, the inability of qualified personnel to move freely, and the lack of a mechanism of competition, a situation which, on the contrary, provided opportunity for the growth of such bad practices as nepotism and promotion of close friends. This situation is obviously incompatible with economic structural reform. The important policy decisions of the Central Committee for more democracy and greater scientific character were certainly a new turn, but still proved insufficient. Although there has been a shift away from the "leftist" line that held that "the one who speaks is culpable," an attitude of "happy news is happily received, and worrisome news is badly received" is still widespread, and this is an extremely serious obstacle to more democratization and a greater scientific nature of policy decisions. Due to stagnation in the reform of the political structure, little progress has been made toward democratization and more openness, which in turn is having a stifling effect on the economic structural reform, and is proving disruptive to the fundamental socialist order. This definitely has to be considered one of the serious mistakes.

Improvement of the economic environment and rectification of economic order, put forward at the 3d plenum of the 13th CPC Central Committee, the overall deepening of the policy and the tasks of the reform, has been met with the support, but also with misgivings by the people. Improvements and rectifications had implications of economic adjustments and quantitative retrenchments. It implied that the sectional interests of certain regions, departments, or units would be affected, and that the interests of certain privileged elements would also be affected. Under certain conditions, a struggle would then be staged between adjustment and anti-adjustment, between retrenchment and anti-retrenchment, in order to preserve one's interests. The implementation of correct general and specific policies would then meet with resistance and obstruction. Good policy decisions, therefore, also require om addition firm and dauntless willpower to enforce the decisions to the very end. It is absolutely impermissible to try to evade obstructions, because indecisive procrastination will only have the contradictions become more firmly rooted. It is therefore suggested:

We have to strive for greater unity of thinking and understanding, to have improvement and rectification work become a conscious action throughout the party. First of all, we have to undertake an earnest review of the experiences and lessons of the last 10 years; we must give a true account of the achievements, but must also talk about the problems. Only by finding out the root cause of the sickness will it be possible to prescribe the right

medicine to cure the sickness. The central authorities must be firmly resolved, must surmount all obstacles, must clear away the accumulation of abuses, and strictly obey and follow the decision of the 13th CPC National Congress to "unswervingly implement a strategy which concentrates attention on the achievement of beneficial results, on improving quality, on a well proportioned development, and on steady growth." From the central authorities down to the local authorities, all must truly abandon mistaken methods of high-paced and high consumption production, must resolutely put a stop to the policy of currency inflation, and must ensure restoration of stability in the value of our currency.

The leadership, as established at the 3d plenum, shall guarantee the people that commodity price increases next year will be considerably less than this year. Ten times greater effort must be exerted on this task. First, in 1989 public finance must under no circumstances again get into the red through deficit spending. If it should still be in the red, it would certainly mean that money is issued in excessive amounts. In that way, when repayments of domestic loans will reach their peak in 1990, the state will be in a worse condition of indebtedness. Second, as from 1989, the supply of currency by the Central Bank (including cash and deposits) must be strictly limited to the growth range of the national economy, and must not add anything in consideration of the rate of inflation. This is the only way to effectively strike at the root of the trouble. The Central Bank must apply a more effective policy with regard to interest rates. Deposits must not only be guaranteed to maintain their value, but must be allowed to increase in value. This is the only way to stabilize and expand fixed term savings deposits. Interest rates for all loans which are not enjoying different degrees of preferential treatment according to the state's industry-inclined policy must be higher than the inflation rate and the interest rate for deposits. Third, banks shall appropriately raise their purchasing price for gold, thus reduce smuggling, and then have its gold and silver processed into jewelry and sold. The currency that is in this way returning to the treasury must not be issued again. Fourth, the long-range continuation of subsidies for import-export losses in foreign trade can no longer be borne by public finance. In a careful accounting of China's foreign trade, these subsidies have by now already reached the level of absolute returns and comparative returns from foreign trade. If this hole is not stopped up, all our exertions to improve the financial and economic situation would be wasted labor.

Rectifying the economic order and improving the economic environment must be mutually stimulating and carried out as a composite whole. Concerning the current methods of rectifying and improving, the CPC Central Committee and the State Council have issued a series of decisions and provisions. The problem is now to enforce the regulations to the letter, to have the courage to overcome obstinate difficulties, and one must not allow perfunctory performances and engaging in formalism. It

is precisely as expressed by a comrade in a leading position: In all these problems, such as dealing with racketeers, the comrades in leadership positions must, first, manage himself well, second, manage his children well, and third, manage all working personnel around him well. Some wish the law should strictly forbid that children of cadres in high positions engage in commerce, but that would of course be contrary to the general legal provisions regarding human rights and equality in Western countries. However, modern Chinese rights could be rendered capitalist-like. Let the father serve as an honest and incorruptible government functionary, and let his son take advantage of power and engage in speculative buying and selling. According to the law on the prosecution of state personnel and according to the law enforcement procedure of the procuratorial organs, those who protect a criminal and intercede for a criminal shall be considered as guilty as one who practices graft or harbors a criminal. We must under no circumstances ignore the "chaotic conditions" that hide behind a superficial prosperity. Government of an unruly world must mete out severe punishment. The party and the government must, therefore, start with themselves in enforcing strict party discipline, continue the improvement and rectification for 10 years or even longer, in order to transform China into a country of the rule by law.

An overall deepening of the reform: The only areas in which the pace is to be slowed because of the improvement of the economic environment and the rectification of economic order are commodity price reform and salary and wage reform. Other reforms must be pursued as long as they do not conflict with the improvement of the economic environment and the rectification of the economic order. Moreover, some items require simultaneous reforms; they should not be ignored. For instance, an earnest review and reforms are needed in the large-scale contract systems practiced in the areas of finance, credits, foreign trade, and foreign exchange, as well as in the system of investments in fixed assets. Otherwise, improvement and rectification will only remain temporary "fire-fighting" measures. By means of all these reforms, we want to strengthen the macro-regulatory capacity of the central government, weaken the sectional and local separate markets, and the tendency of having each constitute a government to himself. We want to strengthen effective and timely supervision by the National People's Congress as an organ of power over the use of financial resources, over stability of the currency, foreign trade, and foreign exchange. The macro-regulation and control of the central authorities should also accept supervision by society, to better reflect democratization of politics and improve scientifically founded policy decisions.

With all the different measures of improvement and rectification being currently enacted simultaneously, there are certain methods merely meant as stopgap solutions for an emergency. This is quite permissible but the difference must be made clear of what is temporary and what is to be long-range, what is to be a superficial

remedy and what a radical measure. For instance, to eliminate inflation, controlling commodity prices by administrative means is merely an emergency measure, though it may also be necessary. However, a radical solution would only be to strike at the root of the trouble, namely to eliminate deficit spending by public finance and correcting the currency policy of the Central Bank. Otherwise, all efforts will be unsuccessful, and monopolizing trade in grain, cotton, silkworm cocoons, chemical fertilizer, and certain types of steel products can only be a temporary measure, because tobacco has all along been a monopoly, but collusion between domestic and foreign parties and speculative trading in famous brand cigarettes and liquor is going on like an endless stream. In the case of chemical fertilizer, agricultural plastic film, and pesticides the trading monopoly was transferred to the supply and marketing coops, but some of the present coops also engage in speculative trading. Some means of production, such as steel products, could be handled for short periods of time according to the double-track system, but "long-range" operations in this manner are out of the question, because that would not only conflict with the demands of the rectification of economic order, but would also run counter to the reform objective of the new order of the socialist commodity economy.

The Chinese nation has a bright future, and its present condition, generally speaking, is fairly good. However, difficulties are indeed great, problems are indeed many, and the confusion in all this is indeed stifling. A little over a month has passed, and the rate of progress in retrenching investments in all localities is still far from satisfying the demands of the resolution. There have also been few important breakthrough successes in rectifying corporations and in the severe punishment of profiteers. We must not let the opportunity pass, we may never have this opportunity again. The coming 5 years are fateful for the success or failure of the reform. We deeply feel that the CPC Central Committee and the State Council should start with themselves in implementing most thoroughly the resolution of the 3d plenum.

**More Self-Generation of Investment Funds Urged**  
*40060295 Beijing JINGJI YU GUANLI YANJIU [RESEARCH ON ECONOMICS AND MANAGEMENT] in Chinese No 6, 8 Dec 88 pp 1-7*

[Article by Liu Ronglun 0491 3310 3229: "On the Selection and Change of Methods of Apportioning and Using Investment"]

[Text] With the shaping of a structure in which the main investment components have been multiplied and many channels formed for sources of investment during the great tide of economic reform, the issue of effective selection and attendant change of investment methods has naturally moved to the daily agenda of investment system reform, and has become increasingly urgent and important. For convenience in discussing the matter, I intend to focus on three matters set forth below in conducting an analysis.

**I. Selection of a State Funds Investment Method: The Three Dimensional Combination of the Capital Construction Fund System, the Break-Even Subsidy (Share) System, and the Investment Contracting System**

State funds are invested in many directions and at many levels. They go into both productive construction and non-productive construction; there is investment for the purpose of making profits in which economic returns are marked, and there is investment not intended to make a profit from which social benefit is paramount; there is investment in social reproduction in which industries figure strongly; and there is investment in administration and facilities, etc. Consequently, the selection of state investment methods, particularly the methods that go from investment to recovery to reinvestment can also only be a mix of many kinds and many dimensions. The capital construction fund system that is so highly regarded at the present time is but one of them, and it cannot be applied everywhere; otherwise it will be unable to produce anticipated results.

Generally speaking, the capital construction fund system is suited only for investment in capital construction projects that will produce substantial profits or that have a marked business purpose. This means that once a project has been built, by improving administration and management, improving the labor productivity rate and product quality, and promoting technical progress and product development, it should be possible to realize a profit after offsetting expenditures against receipts, and to repay the investment gradually, thereby possibly producing the kind of construction project in which investment funds are rolled over. Large and medium investment in energy, transportation, and basic raw and processed materials projects are of this kind.

Actually, when the concept of a capital construction fund system was first proposed, the original intentions were as follows: First was to change the former investment in industry without compensation to investment using loans, from which compensation was realized, for the shaping of an effective investment/recovery system that got rid of the various drawbacks occasioned by uncompensated use of state investment and soft budget limitations. Second was the related change over from the former dead loss situation in which there was no recovery of funds once the state invested them, to an effective roll over mode of utilization in a cycle of investment and recovery that would be a genuine source of investment funds and advances. This is, no doubt, consistent with the commodity economy principles of exchange of equal value and equivalent compensation, and is also in keeping with need for growth of industrial funds. Third was to promote a functional change in the way investment was made by establishing business institutions, such as investment companies, and changing from the former method whereby investment was mostly apportioned in an administrative area-like way to centers in which responsibility, authority, and benefits were better linked. This was an effort to optimize project selection and

authenticate project economics of technology, to improve reliability and the degree of feasibility, and to introduce the competition mechanism by inviting and letting tenders, with the multiple goals of optimizing state investment management and investment policies, improving investment returns, and tightening up macroeconomic regulation of investment. Clearly the aim in proposing and instituting the state capital construction fund system was to transfer capital construction expenditures from the Ministry of Finance to the specialized state investment companies concerned. It was also to strengthen and to spell out the correlation among investment responsibilities, rights, and benefits as a basis for these companies investment and cycling of funds, and conducting the investment business. Thus, the crux of the issue lies in whether such investment is really able to circulate, and whether it can genuinely be rolled over in use and steadily grow in an endogenous operating system. If, as now envisioned and implemented, all state-funded or mostly state-funded capital construction projects are totally included in the "big pocket" of the "state capital construction fund system" without regard for whether they earn profit or do not earn profit, whether profits are high or minuscule, or whether losses are incurred, and whether the project is productive or non-productive, then realization of the fund system reform as originally envisioned and intended will certainly become an extremely great problem. In the end, either there will be an evening out of profits and losses by using profits from one project to make up for losses on another to form a new "large common pot" in investment, or because funds will be unable to circulate or roll over, the fund will exist in name but be dead in fact. All that will have occurred is a "shift" in the agencies responsible for use and management of state investment, i.e., a transfer from units having a public financial function to investment companies under jurisdiction of the State Planning Commission. Obviously, this is not a real reform, nor can it promote a change in the mechanism whereby investment is apportioned and resources allocated. Statistics from the Construction Bank show that most of the investment during the past several years since the "change from appropriations to loans" was spent for the construction of projects that produced little profit or showed a loss, only slightly more than 30 percent of which were able to sign loan agreements. The percentage from which investment could be recovered directly when due was not large. Even the amount that it was possible to recover (790 million yuan in 1985, and 1.4 billion yuan in 1986), financial units had to turn over to banks as quickly as possible to produce interest for projects that had "changed from appropriations to loans." There was no way to cycle the funds.

Therefore, use of the state capital construction system as a means of transforming the distribution, administration, and use of state investment is conditional and limited in scope. Unless every state investment project to be invested in is analyzed, not only will the anticipated results of reform not be obtained, but numerous new contradictions and new conflicts may be produced,

ultimately causing the failure of what was an effective trial reform possessed of vitality.

Looked at in terms of state financial public distribution goals, and satisfaction of the basic functions shared by society, as well as in terms of the principle of dual benefits from the use of state financial resources (namely social benefits and economic benefits), the fund system may not be suitable for investment projects in which profit should not be the sole goal, such as investment expenditures for government posts and telecommunications, city public transportation and other municipal government facilities, control of environmental pollution, and medical treatment and hygiene. This is because of the non-symmetrical nature of the links in the chain of the investment—recovery—reinvestment cycle, which is to say that the conditions are not necessarily present for the cycling of investment funds for use. Therefore, in principle, only a method of investment control and investment use different from the fund system can be used in selecting a suitable method for apportioning and using this investment, which has strong policy overtures, marked social benefit, and is also needed in the life of the society. To be sure, attention must be given to efficiency and returns for this type investment, and attention must be given to the optimum allocation and scientific decisions about both funds and resources. Likewise, in administration and management, once the project has been built and goes into production, it is also necessary to link organically the responsibilities, rights, and benefits, and to introduce a competition mechanism that rewards the superior and eliminates the inferior. However, in the investment of funds, recovery of investment, compensating claims, state reinvestment or applying additional methods of investment, and specific actions to be taken, without doubt, fund system methods must be different from the foregoing. I believe that for this type of state investment project (including both central government financial investment and local government financial investment), adoption of either a break-even subsidy system, or a break-even share system would be better as an investment management system.

More to the point, first of all, though this type of state investment project does not necessarily produce higher profits, or may produce losses for various non-business reasons, it does have either direct or indirect sources of income that are linked closely to how well the project is run. That is self-evident in the case of the above listed government posts and telecommunications, urban public transportation, and medical treatment and hygiene, and income may also be derived from municipal government basic facilities through the levying of a construction tax, and a real estate tax. In the case of environmental pollution control, particularly investment related to enterprises engaged in industrial production and mining, income may also be obtained from levies on those who benefit. Therefore, such investment can, and should, have as its basic principle a recovery of investment that preserves principal. It should reflect both the project goal of social benefit rather than being solely for the purpose

of making profit, and it should be consistent with the minimum economic return requirements of compensation of equal value (or equal amount) in a commodity economy. It should also preserve minimum conditions for the use of funds in reproduction. In addition, aside from business losses, which should be borne collectively by those in charge of administration and management, the earnings of staff members and workers (including wages, bonuses, and necessary welfare payments) in this type of break-even state investment project should be based on average earnings of staff members and workers in society at large, or of staff members and workers in similar industries, subsidies being paid out of the state treasury. Once the goal of preservation of principal has been attained, returns or profits earned as a result of improvements to the operating mechanism, increase in investment, or efficiency in production (operations and services) may be divided up among staff members and workers as bonuses. Reductions in earnings attributable to losses incurred for policy reasons should also be compensated additionally by the state in order to shape an equitable and effective investment, compensation, and incentive (or penalty) system, while simultaneously solving the many conflicts and problems that currently occur between investment for profit and investment for purposes other than profit.

In addition, entrepreneurial state investment projects of important strategic significance that require a long time to show results from investment and that also produce no direct economic returns or apparent sources of income, such as education, basic scientific research, and certain military projects in which the state has invested, require even more judicious selection of methods for apportioning and using investment that are different from the foregoing. Since it is impossible to judge accurately the socio-economic benefits derived from this type of investment, much less set clear-cut, factual requirements for an investment recovery period, one should not apply indiscriminately the investment use and management methods of the funds system, nor should a break-even subsidy method or a break-even sharing method be adopted in the management of investment. However, this certainly does not mean that management of this type of investment can be relaxed, no accounting made of its results, or responsibility for investment weakened. Quite the contrary. Realistic study of this type of investment, with emphasis on its special character and evidence of its special effectiveness, is for the purpose of determining and steadily improving the specific methods of apportioning and using investment through the seeking of truth from facts. If this type of investment is looked upon in the same way as the aforementioned two types of investment, without distinction, and particularly if a "fund system" method of management and use is applied mindlessly to it, not only will the fund system be diluted, but it will be completely impossible to realize the original intention of recycling and rolling over funds, and it may also produce many new troubles and confusions. In the end, it may render ineffective the fund system method itself because

of the muddling of the limitations, the purposes, and the conditions under which the system may be used, thereby greatly weakening its effectiveness for reform. In today's world, except for investment in private schools, which can be cyclically rolled over because it is possible to figure the high tuition receipts, it is not possible to apply a set and clearly defined investment recovery period for state investment in education, basic scientific research, and national defense war preparations that will convert the investment into a fund-type investment that can be recycled. This is because, not only are there numerous technical problems in so doing, such as making a concrete evaluation of the economic returns from this type of investment and determining criteria for showing them, annual economic returns requirements, and an objective basis for deriving them, etc., but even more important is that these investments are primarily for the purpose of providing benefits to society, are basic to socio-economic development, and have long-range strategic significance. Alternatively, they may be investments necessary to the country's survival and security that potentially provide extremely great socio-economic returns that cannot be accurately calculated, and for which both the short-term and long-term "multiplier" effect on the national economy is extremely great. Thus, the foregoing base fund system should not, and cannot, really be applied to this type of state investment. Instead, workable and valid break-even requirements should be set.

In the process of reforming the investment system, the selection of methods for apportioning and using this type of investment should include at least the following: (1) Change the worn out old way of balancing investment by sector and by system, instituting instead a policy of apportioning investment primarily by project. By this is meant full validation and democratic decision making about each project in order to make the optimum selection of construction projects for education, basic scientific research, and national defense. (2) Once a project has been decided on, the competition mechanism of calling for tenders and submitting tenders should be used to firm up state financial budget restrictions, and to get rid of the soft restraint shortcomings that exist in this type of "soft" investment, changing the former multi-level discussions among the state, the unit in charge of the project, the construction unit, and the enterprises responsible for construction and installation, as well as the changeable feedback circuits to a two way direct contractual relationship about the state-owned investor (such as an investment company, state-owned asset control unit, or a public finance unit), and the project builder. This will both help genuinely strengthen budget restraints, and will also help fix investment decision making responsibility. (3) Simultaneous with the transfer of the completed project to the actual user, there should be a corresponding fixing of responsibility, rights, and benefits related to state-owned assets control, thereby directly linking "all expenditures" of state investment to

relevant effectiveness criteria or demonstrations of effectiveness. Take investment in higher education, for example, in which this means organically linking state investment, and the quantity and quality of assets to things such as a rational percentage coefficient between teaching and administrative staff and students, the number of in-school students to be trained and their level, their academic specialty, the scientific research set up and assessment of its actual achievements, as well as the degree to which various facilities and assets are used effectively, etc. In this way a basis for making this investment and its effective use will be found, so although there are no clear-cut requirements for recovery of investment, no economic compensation, and no increased value effect in terms of set criteria, nevertheless, there will be a clear-cut responsibility and methodology for the apportionment of investment and its use and management so that investment will not become an unseeable, unfeelsable, and unfillable bottomless pit.

Totaling of the main requirements in these three regards provides a method for apportioning and using this type of state investment, and summarizes whether the "investment contract system" concept may be used. The main sense of this is: first, getting a handle on the total amount of this kind of investment makes it possible to link it to growth of the national economy and financial income. This is to say that it becomes possible to determine the proportions of investment for education, scientific research, and national defense prevailing at the present time, at different time periods, and by category, thereby enabling increases to be made that correspond with economic growth, and increases in state financial revenues, to keep the total amount of investment relatively stable, and to conduct conditional contracting of the total amount of investment. Second, as was said above, is budget contracting for investment projects based on full validation and scientific decisions. Finally is contracting on the basis of effectiveness goals or "expenditure-effectiveness" multiple comparative goals centering primarily around a responsibility system for investment and assets use.

Inasmuch as the state has been too involved in, and too liberal about this category of investment, and since there has been no lack of investment of a business nature and for profit, it seems that in the future a clear distinction should be made between investments that serve specific purposes and investments for profit, or else limits should be placed on investments for profit, gradually separating investments for logistical services, culture and recreation, and school-run enterprises that make a profit from investments that have a purpose other than to make a profit. Thus, it will be possible to reduce the state's investment burden to a certain extent, and also gradually to eliminate the long-standing abuse whereby institutions run businesses that have nothing to do with their basic function, mixing the two together and eating out of the "large common pot" of state investment.

The foregoing discusses differential handling and differential selection of methods for apportioning and using state investment.

## II. Fund Raising for Investment in Profit-Making State-Owned Enterprises and Choice of Utilization Methods: Raising of Investment Funds by Oneself and Deciding Their Use by Oneself

So-called raising of funds for investment by oneself means that now that government administration and enterprise management are separate, and now that apportionment between the state and enterprises is more equitable, more standardized, and more consistent, with enterprises truly becoming commodity producers and marketers who make their own decisions about operations and have responsibility for their own profits and losses, businesses can no longer look to the state budget for funds to be used for business purposes. Instead they investment derives from their own accumulations and raising money in the market.

As enterprises become themselves responsible for production management, and particularly with the gradual widening of enterprises' financial authority since reform, with the rapid increase in the percentage of funds obtained through bank loans, and the increase in the "amount of freedom" in deciding how these funds will be used, the steady development of various kinds of lateral economic association and finance capital relationships, and accumulations made by enterprises themselves, enterprises' capabilities for self-transformation and self-development have risen very greatly. This provides favorable financial conditions for state-owned enterprises to move in the direction of becoming independent economic entities able to make their own management decisions, and being solely responsible for their own profits and losses. The dominant position of investment by enterprises themselves in total investment by society is becoming better established with each passing day. Both theory and practice show that to promote a fundamental transformation of enterprises' position and their management mechanism, in addition to the reform of matters such as ownership relationships, distribution methods, the market environment, the price formation mechanism, and macroeconomic regulation forms, one important factor or important condition required is eradication of the long-standing abuse whereby state-owned enterprises eat out of the "large common pot" of state finances and bank loan funds. In addition is the tendencies this engenders, including a dearth of investment, and "waiting, depending, and asking" for "sources of funds." It is necessary to cut the umbilical cord whereby the state awards operating funds to enterprises without compensation, and allocates subsidies according to "need." Conditions must be created that enable enterprises to turn to relatively independent sources of operating funds and market channels for raising money, enterprises thereby becoming able to make their own business decisions, do their own independent accounting and be responsible for their own profits and losses in

keeping with the goal of being competitive in the marketplace. In a socialist commodity economy, just as an investment of capital (or an advance) of a certain size and of a certain make-up, and the movement in a recurring cycle of both funds and reproduction are prerequisites for the beginning and uninterrupted continuation of all production activity, unless the old way of apportioning and providing funds is completely changed, enterprises will have no independent sources of funds to go with the change in mechanism whereby they make their own business decisions and are solely responsible for their own profits and losses. They will also lack the flow of funds and the ability to organize functions on the basis of market competition and the laws of market choices, and then not only will increase in enterprise vitality run into built-in roadblocks, but the ultimate establishment of an enterprise's position as an independent commodity producer will be positively impossible. Possibly it was for just this reason that during the first stage of economic reform, the Soviet Union proposed the goal and the principle of enterprises themselves raising capital, which achieved fine preliminary reform results in pilot project enterprises.

In view of current practice of reform in China and the difficulties that enterprises face, serious study of and solution to problems in several regards is necessary in order to move ahead with the raising of investment funds for business purposes by enterprises themselves.

The first such problem is to make distribution relationships between the state and enterprises more equitable, more standard, and more stable as quickly as possible, and simultaneous with the division of government functions, exchange of functions, reform of enterprise ownerships relations, and perfection of enterprises management mechanisms. This is necessary in order to prevent adverse effects on enterprises' ability to accumulate funds because of frequent policy changes, turmoil in the distribution mechanism, and abnormal fluctuations in the amount of profits that may be retained. Solution to this problem will permit effective use of enthusiasm for investment and rendering a good performance on enterprises' medium and near term finance capital plans. The solution would include not only retention by enterprises of all depreciation funds for use and allocation at their own discretion, simultaneous with gradual increase in the differential depreciation rate for fixed assets, but would also solve the problem of an equitable distribution relationship between the state and enterprises under present conditions in which various unstandardized forms of operations contract responsibility systems are being practiced. Particularly needing attention are the following three points: (1) Persistence in carrying out the principle of after-taxes contracting, abolishing and correcting all open and hidden, above-the-table and below-the-table, nominal and real methods of pre-tax contracting. First of all, state and enterprise distribution relationships would be standardized on the basis of prevailing tax laws and the tax system, neither abolishing or weakening enterprises' obligations to pay taxes nor

damaging the state's financial revenues and needed sources of investment. Next, accompanying gradual progress in tax system reform, tax rates for taxes on enterprises under all ownership systems should be unified and increased, and more completely standardized. (2) In deciding after tax profit contracting base figures, although it is not possible to unify the figures for all categories of enterprises or make percentages the same; nevertheless, the industry-wide after-tax average profit rate may be used as a basic frame of reference. In addition, industry-wide, enterprise group, or aggregate enterprise updating plans and phased implementation plans may be used as a basis. In determining enterprises' profit retention, full attention should be given to the investment required for urgently needed technical transformation, needed products, technical development, and remodeling or expansion that has to be done, so that there is sufficient investment available for minimum and ever increasing self transformation and self development, and for debt repayment when contracting operations. (3) Elimination of all irregular fund collections and imposts levied under various pretexts to reduce and avoid their gobbling up of enterprises' retained profits.

Once separate channels have been set up for the flow of profits and taxes to the state, and after reforms that separate the central and local tax systems, suitable lowering of prevailing enterprise income tax rates, and the transition of enterprises from non-standardized operations to standardized operations, etc., enterprises' ability to accumulate and to raise funds for investment will increase commensurately to become an indispensable major component in realizing the goal of enterprises making their own operating decisions and being responsible for their own profits and losses. This discussion is primarily in terms of the distribution of returns on internal accumulations enabling enterprises to raise funds themselves for investment.

Second is giving impetus to enterprises to raise investment funds themselves through gradual exploitation of outside sources of finance capital, channels of finance capital, and the building and perfection of avenues such as markets for the transfer of assets. The raising of one's own investment funds does not mean that all investment needs have to be met through enterprises' internal accumulations. On the contrary, when a highly developed commodity economy and credit relationships exist, the raising of funds outside of enterprises and the so-called "borrowing chickens to lay eggs" assumes an increasingly important role. In economically developed Japan, for example, only approximately 30 percent of all finance capital is raised internally. In the UK and the FRG, the amount is also less than 50 percent. Practice shows that as the amount of credit funds in a country's banking and other financial institutions steadily increases, as markets for capital are gradually built and develop, as the speed with which foreign capital is imported and used accelerates, and as various financial instruments become increasingly perfected, enterprises' scope for the external raising of funds also increasingly

widens. There are two key points here. First is that an enterprise's creditworthiness and the size of its economic returns determine its ability to attract external funds and the amount it is able to get. That the share certificates and debentures issued in recent years by enterprises producing goods in short supply and whose economic returns have been outstanding have become "goods in great demand" attests powerfully to this point. Thus, enterprises that are well run and that can readily adapt to changing market situations, and that can expect to make high returns on investment are entirely able themselves to raise funds for investment by "walking on two legs," both emphasizing internal accumulations and external finance capital. However, for enterprises that are poorly managed and whose economic returns are poor, their deficiencies exert pressure and act as a spur. In a socialist market economy, these deficiencies also play an inevitable role in rewarding the superior and eliminating the inferior, we positively cannot let the weakness and incompetence of the latter in raising capital externally refute the feasibility of enterprises raising their own capital for investment. Second is the market climate in which enterprises raise funds externally, that is to say the extent of development and the market order in capital markets, and assets transfer markets, and the establishment and perfection of market regulations. Naturally this requires a process of development and completion from the low to the high and from the immature to the mature. It is also for this reason that realization of the goal of enterprises raising their own funds for investment can only be a step-by-step process of gradual approach.

The meaning of enterprises deciding for themselves how investment is to be used, which goes along with enterprises raising their own funds for investment, is fairly clear-cut and requires no further explanation. Nevertheless, some things need to be pointed out in this connection as follows. First for enterprises themselves to decide how to use the funds is an inevitable follow-on and an objective requirement to their raising of funds for investment. Only in this way can an effective risk/benefit mechanism be built in the operation of the self-financing system for enterprises. If enterprises are to raise funds themselves for investment, but not be able to decide for themselves how to use them, that would amount to only being in charge of investment and adding capital, but not being in charge of how well the enterprise is run and whether returns are large or small. This certainly will not do. Second making their own decisions about how to use investment does not mean that enterprises do not have to, or will not, accept state macroeconomic control or macroeconomic adjustment. It means only that there can be no direct administrative control system and command style interference such as existed in the traditional system, but rather only the use of indirect regulation and inducement through the use of economic levers in "outside-the-market guidance" when the market is the medium. Without this, the organic link between enterprises' raising of funds and their operations would be

severed, with the result that raising of funds oneself for investment would become a phrase devoid of all meaning and without any attraction whatsoever.

### III. Introduction and Use of Risk Investment Methods

Risk investment is something with which we are entirely unfamiliar, but which is a form of investment and an investment facility that holds broad prospects for development. With development of the new socialist commodity economy system, and the gradual establishment of new procedures, and particularly with advances in scientific and technical investment strategies, and progress in modernization, the need to introduce and use risk investment methods will become necessary and pressing.

So-called risk investment means investment without any insurance or collateral, i.e., investment in enterprises or individuals who possess new and developing techniques and development potential. In fact, it is a form of investment activity for the most rapid commercialization of new ideas, new inventions, and results obtained from the development of new science and technology, turning them into real productivity. Risk investment originated in the United States 40 years ago. It has now developed to the impressive size of \$19.6 billion, playing a strategic role in maintaining America's technological superiority, and receiving preferential government and tax treatment and financial support. The rise and development of the famous silicon valley in the United States is a classic example of the application of risk investment to spur scientific and technical development and scientific and technical progress.

Risk investment has three main aspects in addition to no insurance and no collateral for start up investment as follows: One is the nature of investment risk. From the stage of research and development of a new technology until it goes into production in an industry, risk exists in the whole marketing process. By combining both a courageous and a scientific attitude, huge, or even inestimable, economic returns may be realized from the development of high technology. Even though the success rate from risk investment is only between 10 and 20 percent, the gains from successes more than compensate the losses from failure, and substantial returns on investment and returns in the form of social progress are realized. Second is the flexibility and the multiple selectivity of risk investment. As a form of investment that intensively combines capital with knowledge, risk investment can selectively provide rapid support to good ideas, good inventions, and good scientific and technical achievements from anybody, turning them into products, commercializing them, and making them practical, reaping economic and social returns by greatly shortening the cycle required to bring them to market. Third, sources of funds for risk investment may be varied. They

may come from a variety of sources including government or civilian sources; banks and businesses, or individuals; and the sale of stock shares, and all without troubles such as wrangling over ownership rights.

In a country such as ours, which is scientifically and technically backward, which has long neglected scientific and technical progress, and which practices extensive methods of operation, after a strategic policy has been established to rely on scientific and technical progress to develop the economy vigorously, putting the national economy on the track of intensive operations centering around an increase in economic returns, the introduction and effective use of risk investment would doubtlessly rapidly transform the country's traditional industries, antiquated technical facilities and production technology, and foster development of high technology enterprises and industries. It would particularly give impetus to numerous scientific and technical achievements, result in the commercialization of inventions, hasten their conversion into real productivity, increase social and economic returns, and play a positive role that cannot be ignored.

## SMALL-SCALE ENTERPRISES

**Development of Small-Scale Enterprises Discussed**  
40060235 Beijing JINGJI CANKAO in Chinese  
2 Jan 89 p 4

[Article by Huang Jian 7806 0256: "Suggestions for Developing China's Small-Scale Enterprises Discussed"]

**[Text] Position and Role of China's Small-Scale Enterprises**

According to statistics, in 1987 there were 1.18 million small-scale enterprises in China, accounting for 99.2 percent of the total number of enterprises; their output value was 803.8 billion yuan, accounting for 58.2 percent of the gross industrial output value of the nation as a whole.

China's small-scale enterprises have played a role which cannot be underrated in such areas as coordinating industrial production, serving agricultural production and the people's livelihood, absorbing labor employment, promoting competition, and stabilizing financial revenue, and they are an important mainstay of the continued stable development of the national economy.

Judging from the practice of domestic and foreign economic development, centralization of industrial production cannot eliminate small-scale enterprises. Small-scale enterprises will coexist with large-and medium-scale enterprises for a long time to come, and they will complement each other. This is because:

1. Considered from the viewpoint of economic rationality, some industries by no means improve as their scale of production increases. In many cases, small-scale production can often obtain the best economic returns. Moreover, the progress and development of new modern technology has further created material conditions favorable to reducing the scale of enterprises, and small-scale enterprises engage in specialized production and have unique technology, allowing them to consistently obtain better economic returns than large- and medium-scale enterprises.

2. Considered from the viewpoint of social demand, large- and medium-scale enterprises cannot wholly undertake extremely complex, changeable social production, nor can they satisfy multiple-level, diversified social demand; this requires small-scale enterprises to bring into play their irreplaceable advantages and mutual supplementation. Establishing an appropriate enterprise scale structure based on the level of social productive force is a necessary condition for maintaining long-term stable growth of the national economy.

3. Considered from the viewpoint of economic vitality, the small-scale enterprise market has a high degree of adaptability. On the one hand, it can promote various forms of competition and resist certain abuses caused by industrial monopoly; on the other hand, it can adjust the direction of operation at any time and very quickly move in and out of an industry, playing the role of adjusting the industry and product mix.

From the viewpoint of China's specific circumstances, small-scale enterprises occupy an even more important special strategic position. First, under conditions characterized by the pluralization and multiple levels of industrial technology in the initial stage of socialism, the dual structure of centralization and decentralization of industrial production factors is certain to exist for a long time to come. Due to technological backwardness and insufficient capital accumulation, the number of large- and medium-scale enterprises will invariably be limited for some time, and although they will be a mainstay, they have not taken and cannot take the place of small-scale enterprises. There are broad prospects for the birth and development of small-scale enterprises, and they will play a role in such areas as developing the national economy, satisfying daily needs, and stabilizing financial returns.

Second, with the deepening of reform, there are over 10 million "on-the-job unemployed" personnel in state-run enterprises who must be reassigned, and there is a rural surplus labor force numbering over 200 million that must be transferred. In view of the limited number of newly-established large- and medium-scale enterprises, resolving the problem of employing these workers and peasants depends primarily on setting up small-scale enterprises; this is the first step toward rural industrialization.

Third, considered from the viewpoint of regional development strategy, some regions in Central China and most regions in Western China have abundant resources but lag behind in communications and transportation and lack funds, technology, and talented personnel. These regions, in order to change their current state of economic backwardness, must start by developing small- and medium-scale enterprises, cultivate the basis, strength, and vitality of economic development, and make a progressive transition to modern industry.

Fourth, there is an extremely close connection between small-scale enterprises and economic system reform. Two things are evident. First, for small-scale enterprises to take the first step in enterprise revitalization reform is helpful in promoting market competition and in promoting the formation and development of the market mechanism; second, small-scale enterprises employ about 70 percent of the total number of industrial staff and workers, and with each step forward taken by reform, consideration must be given to the bearing capacity of small-scale enterprises. If a large number of small-scale enterprises go bankrupt and their workers are put out of work, it could lead to serious social and political problems.

Therefore, in economic development and economic reform, at the same time that we pay attention to giving play to large- and medium-scale enterprises' role of mainstay, we must reassess the position and role of small-scale enterprises and study the development of small-scale enterprises as a strategic issue.

#### The Principal Problems Currently Facing the Development of Small-Scale Enterprises

The main problem facing the development of small-scale enterprises is that the development of township enterprises is too abrupt. The industrial output value of China's township enterprises increased 40.9 percent in 1985, 27.6 percent in 1986, and 31.5 percent in 1987, and the output value amounted to 350 billion yuan, or one-fourth of the gross industrial output value of the nation as a whole. Development has not lost momentum this year; the coastal region, enjoying geographic, technical, and policy advantages, has continued to develop extremely rapidly; the central region, after building up strength for several years, is now trying hard to catch up; and the western region is not willing to lag behind. The swift development of township enterprises has supported the development of rural economy as a whole, and its contribution has been indispensable. However, due to the lack of effective overall guidance, this development has been extremely blind.

The second problem in the development of small-scale enterprises is that enterprises lack vitality, and operational advantages have not been fully brought into play. Looking at state-run small-scale enterprises, since last year, 50 percent of enterprises have implemented such operational forms as contract systems and rent systems,

and they have obtained considerable results. However, many enterprises, particularly loss-incurring enterprises, are actually still connected to the state, even though their relations appear to have been severed, and the umbilical cord of "paternalism" has not been cut. Either the enterprises take responsibility only for profits and not for losses, or they depend on loans and raise prices to get by, and the problem of an enterprise operational mechanism has by no means been fundamentally resolved. Additionally, the sources of assets of China's township enterprises are relatively complex, taking such forms as government investment, enterprise investment, and mass fund-raising; they are now called by the general name of "collective assets." The lack of clear property rights relations brings two consequences. First, there is too much improper administrative interference in enterprises by local government, sometimes even going beyond state-run enterprises and affecting the autonomous operation of enterprises. Second, there has been a serious problem with egalitarianism and indiscriminate transfer, apportionment, diversion, and misappropriation of enterprise assets; the burden of enterprises is too heavy, and this has weakened their competitiveness. The third problem in the development of small-scale enterprises is poor economic returns. Among small-scale enterprises there are a number of "star enterprises" whose technical level is fairly high, but in general, the technical level is low and operation and management are backward. This is conspicuously shown in the following ways: equipment is obsolete and technology backward, to the extent that some enterprises are still using equipment from the 1920's; there is a lack of technical personnel, and of the 1987 total number of staff and workers on the job, the proportion of technical personnel was 5.1 percent in large- and medium-scale enterprises, 1 percent in small-scale enterprises, and only 0.2 percent in village-run enterprises; and operation and management are weak, especially in township enterprises, where operational blindness is extremely prevalent and many factory directors use petty proprietors' methods to run enterprises. The consequences of this are that there are many loss-incurring enterprises and poor economic returns. In 1987, the extent of losses of small-scale enterprises was 15 percent, the loss rate was 13 percent, and labor productivity of the workers as a whole and per capita net output value were only 45.5 percent and 33.3 percent, respectively, of those of large-scale enterprises. This situation not only has caused an enormous waste of natural resources and energy sources that were in short supply to begin with, it is also extremely unsuited to the requirement for coordination among specialized departments in modernizing large production, and has become a factor extremely disadvantageous to the long-term continued stable development of the national economy.

#### Suggestions for the Development of Small-Scale Enterprises

1. Strengthen overall guidance and implement policies favoring industry.

Henceforth, small-scale enterprises must continue to develop, but they cannot develop unchecked; they must strengthen overall guidance, correctly deal with the relationships between speed and returns, the processing industry and the raw materials industry, and industry and agriculture. The state, with respect to small-scale enterprises, must implement policies favoring industry and determine those industries and products whose development is to be stressed, controlled, or restricted, thereby guiding development through differentiation and prioritization. With regard to those enterprises whose development is to be stressed, their development will be promoted through providing or expanding preferential terms with respect to such things as tax collection and loans; with regard to those enterprises whose development is to be controlled, we must reduce loans, raise interest rates, and progressively reduce or eliminate tax breaks; and with respect to those enterprises whose development is to be restricted, we must increase taxes, withhold loans, implement price limitation policies, and force the enterprises to change over to other industries. With regard to those industries and products with excessive productive capacity and poor returns from small-scale production, we must control the development of small-scale enterprises or, in the case of enterprises with high energy consumption, inferior quality, and serious pollution, restrict development.

2. Straighten out property rights relations and improve the operational mechanism.

In order to fundamentally vitalize state-run small-scale enterprises, we must carry forward reform of property rights. The small number of relatively large-scale enterprises with fairly good returns may continue to implement contract systems and rent systems; the large number of enterprises with relatively poor returns and serious losses, or those on the brink of bankruptcy, shall primarily implement a policy of converting to shareholding systems, selling shares in turns to publicly-owned units and individuals and forming a new ownership basis of multilateral share participation; a small number of small-scale enterprises with poor returns may be directly auctioned off to enterprises or individuals. After changes occur in property right relations, the "umbilical cord" linking enterprises and the government is completely severed, and these enterprises are operated and managed in accordance with the methods of collective enterprises, cooperative enterprises, and privately-run enterprises. This will lay a good foundation for improving the operational mechanism.

Township enterprises must use enterprise asset sources as a clue and redelineate and reconfirm property ownership based on the principle of compensation by equal value. Enterprises in which a large proportion of investment is by local government are classified as collective enterprises, and can implement contract management responsibility systems with "the separation of ownership from operations"; enterprises whose composition of assets is relatively complex are classified as cooperative

enterprises, and can implement shareholding systems or rent shareholding systems in their operation; enterprises based primarily on enterprise assets should integrate ownership and management authority within the enterprise. Some small-scale enterprises can then implement joint management and rent management, as well as auctioning. Only in this way can township enterprises break away from administrative interference by local government, truly establish the status of enterprises as legal entities, fundamentally strengthen binding force over assets, and spur the further improvement of the operation mechanism.

3. Carry forward economic integration and develop socialized production.

Small-scale enterprises are too numerous and too small, and it is generally hard for them to form an independent product market. This is both disadvantageous to the enterprises' own survival and development and unsuited to the demand for socialized large-scale production. In market competition, it is necessary not only to develop production cooperation among small-scale enterprises, but also to vigorously develop integrated cooperation between small-scale enterprises and medium- and large-scale enterprises. This not only can allow large- and medium-scale enterprises to concentrate their energy on production and assembly of key components and save a large amount of fixed asset investment, it can also allow small-scale enterprises to gain fairly stable markets and obtain production technology and management experience, benefiting the development and growth of small-scale enterprises. At present, there are two forms of integrated cooperation. One type is the contract system. Contract system cooperation helps to promote competition within the same industry and to give impetus to technical progress and operational management. The other type is the shareholding system. The form of share participation by both parties comprises a new enterprise basis.

Small-scale enterprises primarily provide factory buildings, land, and staff and workers, as well as funds and equipment; large- and medium-scale enterprises primarily provide technology and a portion of the funds, equipment, and managerial personnel, and both sides share the benefits equally.

4. Promote technological progress and strengthen operational guidance.

The technical level of small-scale enterprises is low and their operational management is backward. It is difficult for them to resolve these problems by relying solely on their own efforts; the state must focus on strengthening the competitiveness of small-scale enterprises, increasing labor productivity, and saving resources and preventing environmental pollution, and provide the financial aid

necessary for the men, funds, and materials needed by small-scale enterprises to achieve technological progress and strengthen consultative guidance of operations and management.

The term "small-scale enterprises" used in this article refers exclusively to small-scale enterprises delimited according to statistical classification standards.

## ECONOMIC ZONES

### On Shenzhen's Enterprise System Reforms 40060263b Shenzhen SHENZHEN TEQU BAO in Chinese 13 Jan 89

[“Considering a New Breakthrough in Shenzhen's Enterprise System Reforms; a Summary of the Shenzhen City Property Rights Transfer Reforms Discussion Meeting.”]

[Excerpt] Recently the Shenzhen structural reform committee brought together related city government departments and interested parties for some of the enterprise work units in the city for a Shenzhen property rights transfer reform discussion meeting. There was lively discussion over the issues of Shenzhen special economic zone [SEZ] implementing a systematic theory of property rights transfer and making it into policy.

### The Reason Behind the Necessity of Property Rights Transfer

Everyone believes that in the course of operations an enterprise will inevitably experience profit and loss conditions. This necessitates that the property rights of inventory can be transferred, according to the laws of market economy, allowing profitable enterprises through merging and buying to benefit their own manufacturing product structure and internal organizational structure, raising the overall quality of the enterprise and the economies of scale; and allowing unprofitable enterprises on the other hand to realize realignment through being merged or bought out, allowing a portion of the sediment of inventory to gain a lease on life.

However China's present enterprise system and its inventory structure are in opposition to the normal rules of the movement of a commodity economy. The director of the Structure Committee, Xu Jingan 1776 2529 1344 pointed out that almost all the various abuses that we currently observe in our economic life could be traced to an irrational enterprise property ownership system. He says that since the inventory owned by an enterprise is not mobile, and cannot be annexed, bought out, or become insolvent, according to the market competition and the changing supply and demand relationship, it makes it difficult for excellent enterprises that could provide effective supplies to grow in scope, while those unprofitable, uncompetitive enterprises that do not have a market, can only hold onto their low efficiency level and operate at no efficiency, or even negative efficiency. The solution is to break down the system of enterprise-owned inventory, push the enterprises onto the market

and implement annexation and auctions, allowing the weak enterprises to shrink and die out and allowing the profitable enterprises to develop and grow, and allocate the property well. According to the calculations from enterprises that had been annexed in Shanghai, Shenyang, and 11 provinces and cities, of 635 unprofitable enterprises, 501 recovered from their losses, so you can see that property rights transfer can be a good method for obtaining substantial economic efficiency.

Xu Jingan [1176 2529 1344] said that no reforming socialist countries in the world have resolved the problem of enterprise inventory very well. Shenzhen, which has been at the forefront of reforms as an experimental zone, ought to accomplish something here, and contribute meaningful experience for enterprise reform in China and in other Socialist countries.

### The Present Status and Conditions of Shenzhen's Enterprises

As the discussion members pointed out, Shenzhen has in recent years been limping along in the area of transfer of enterprise property rights.

Everybody believes that the extent of Shenzhen's market orientation is fairly high compared to the interior of China. Enterprises face the domestic and foreign markets head on, and superior enterprises seek the expanding impulse of economies of scale. Unprofitable enterprises also seek a new lease on life. Therefore, there is an urgent need to establish a horizontal mobile mechanism for key production inventories to continue to improve in composition. At the same time, Shenzhen SEZ has conditions that are better than those in the interior. First, there is an assigned representative for Shenzhen's state-owned property and the property rights relationships are clearer, so the basic prerequisite for property rights transfer are there. Secondly, Shenzhen has the geographical advantage of its proximity to rich and prosperous Hong Kong and Macao, and has preferential tax, investment, and foreign currency policies that make it attractive for foreign and domestic capital. Finally, 8 years of reform have been good training for Shenzhen's enterprises. We have definite capabilities for adapting to a commodity economy, and Shenzhen's citizens have a great deal of endurance. We can say that transfer of enterprise property rights could be handled very well under Shenzhen's conditions.

In the meeting, city catering companies spoke of their transfer of enterprise property rights experiences withing the system. The information covered was quite revealing and provided insight on transssystem, transindustry, and transregional transfer of enterprise property rights. Consequently, Heng Chang, a Shenzhen trading company, indicated that it was interested in auctioning a part of its subordinate enterprise to either a foreign or domestic company which sparked the interest of those attending the meeting. The Sichuan branch office indicated that it would be willing to approve the merger transaction and welcomed Shenzhen companies to merge with companies in Sichuan. [Passage ommitted]

**Exploring Effect on Personal Value Systems of Different Societies**

40050243 Hong Kong MINGPAO YUEKAN  
[MINGPAO MONTHLY] in Chinese  
No 276 Dec 88 pp 9-16

[Article by Wang Ruoshui 3769 5387 3055: "On Personal Nature and Social Relationships"]

[Text] Nora: "I am a person."

In Henrik Ibsen's famous drama, "The Doll's House," Nora, the main female character, has a spirited dialogue with her husband, Torvald Helmer, when she has finally decided to leave home:

*Helmer: You're losing your family, losing your husband, and losing your children! Aren't you afraid of what people will say!*

*Nora: I don't care what people say. I only know I have done this.*

*Helmer: This is preposterous! Are you going to abandon your most sacred responsibilities?*

*Nora: What do you mean by my most sacred responsibilities?*

*Helmer: Do I have to tell you? Your most sacred responsibilities are your responsibilities to your husband and your children.*

*Nora: I have another sacred responsibility of the same kind.*

*Helmer: No such thing! What responsibility are you talking about?*

*Nora: I am talking about my responsibility to myself.*

*Helmer: Never mind anything else. You are a wife and a mother first of all.*

*Nora: I don't believe that anymore. Now, I only believe that, first of all, I am a person—a person like you. At least I want to learn how to be a person.*

This dialogue from "The Doll's House" is famous in Europe as a "manifesto of women's rights." When this play was first introduced into China back before the "May Fourth Movement," [a 1919 student demonstration in Beijing that was followed by a mass influx of western works] it stirred the hearts of millions of young people. After liberation, it was also performed to a good reception. People who have even a little modern point of view hold a positive and approving attitude toward Nora. Today, however, nearly 40 years after liberation, were a Chinese Nora to use the same reasoning in suing for divorce in a court of law, she would certainly not win the suit. Nora valued individual freedom, rights, and

dignity. This is a contemporary western value concept, but the traditional value concepts of Chinese culture remain powerful today, and these concepts emphasize only the responsibilities and duties of the individual to the group.

People are social beings. People can become people only in society. The Indian wolf boy's human qualities disappeared because he grew up in a wolf pack; he had only the characteristics of wolves. Subsequently, even though he returned to human society, it was too late. He continued to regard people as alien, and he remained unaware that he was human until he died. People exist in a specific social network in which they have various relationships with other people, and it is only through these relationships that they can realize their own human qualities. A woman must have relations with men in order to realize her own femininity (or wifeliness); she must have a relationship with children to realize her own motherliness. The same is true for men. This is what is meant by family relationships. Outside the family, there are also a number of relationships. In different relationships, an individual plays a different role: student or teacher, shopkeeper or customer, performer or audience, host or guest, superior or subordinate. The greater the number of roles, the richer a person's life, and the more ways in which his (or her) personal nature can be expressed. Of course, one role may conflict with another. A woman may discover that she cannot very well be both a model worker and take good care of a family. However, the conflict that Nora faced was a conflict between roles and her character per se. How can this be? If a person withdraws from all social relationships, that person is nothing and becomes a zero. So why did Nora want to place being a wife and mother in opposition to being a person? Why did she say that in addition to having a responsibility as a wife and a mother, she had a responsibility to be a person. Isn't this "person" abstract?

Let's take a look at Nora's family. Helmer contracted a dangerous illness, and Nora borrowed money without his knowledge to treat his illness. She also repaid the debt secretly. However, the lender seized upon a legal technicality (falsely signing the name of her dead father as guarantor for the loan) to threaten her. When the situation came to light, Helmer flew into a rage and abused Nora, saying she was a bad woman who had ruined his career. Nora saw through everything. Not only did she see through Helmer's falseness, but she also saw through all the family relationships, and thus decided to leave Helmer. She realized that she was not really regarded as a real person, or regarded as a person having an independent personality. No doubt her father and her husband both loved her, but they treated her as a sometime thing. "When I lived at home with my father, he would tell me his opinions, and I would fall in with his opinions. If my own opinions differed from his, I would not let him know because he would not be happy if he knew. He called me 'clay doll child.' He treated me like a toy, just like the clay doll I played with when I was a child." Later on, Nora married, and was passed from her

father's hands to Helmer's hands. Everything was decided by the husband. If the husband liked something, she liked it, or else she pretended to like it. "Our family was just a place to play; we never talked about serious matters. Here, I am your 'clay doll wife' just as I was my father's 'clay doll daughter' at home. My children are my clay dolls. When you play with me, I like it, just as the children like it when I play with them."

Nora's father treated her as a daughter, and Nora's husband treated her as a wife, but neither her husband nor her father treated her as an individual. In her role as a wife, Nora felt only that she was her husband's doll, just as in her role as a daughter, she felt only that she was her father's doll. She had changed roles, but she remained a doll. People are not dolls; she wanted to be a person. It was in this sense that her responsibilities as a wife and a mother came into conflict with her responsibility as a person. Only by getting out of her role as a wife and mother could she try to become a person. Of course, when she was being a mother, she did not look upon herself as a doll, but she regarded the children as dolls. However, in doing so, she made new dolls in her own mold. Consequently, she felt she was not qualified to educate the children. To educate the children, she would have to educate herself first, but all the past education she had obtained from books about society, religion, and the law had been for the purpose of maintaining the family life she was now living, and to reinforce this unequal social order. She distrusted all this, and she wanted to challenge all this in order to be a real person.

#### A Real Person Is Not a Genuine Person: The Conflict Between "Being" and "Nature"

Nora's cry of "I am a person," poses a philosophical problem for us, namely the problem of the relationship between a person's nature and social relationships.

A person's nature is the sum total of his or her relationships. This view of Marx is known to all. In discussions of humanitarianism and the theory of a person's nature, this is probably the most quoted sentence. When people use this view to criticize us, they say: The person you are talking about is an abstract person.

Nora was no abstract person; she was a real person living in the midst of specific social relationships. Family relationships are also a form of social relationship, and since a person's nature is the sum total of his or her social relationships, family relationships should build a person's nature, or a portion of that nature. However, as far as Nora was concerned, it was family relationships that ran counter to her personal nature making her feel that she was not a genuine person. In other words, a real person may not be a genuine person. In order to be a genuine person, and in order to establish her own personal nature, it was necessary to repudiate real family relationships. Isn't this so?

Not only may certain family relationships work against a person's nature, but society's economic and political system may also clash with a person's nature. "An autocratic system is bound to be brutal, and incompatible with a person's nature. Generally speaking, absolute monarchies look down on people, show contempt for people, and do not allow people to become people. In capitalist society, even though people have been able to free themselves from personal dependence to become independent; nevertheless, the cry of 'I am a person' continues. This is a protest against people's real plight. To say that an actual person is not a person (or is not a genuine person) seems very absurd, but as Marx said, this 'is just the most common and most widespread expression in the abstract realm of universal conflicts that actually exist between people's *relationships and needs*. The absurdity of this abstract proposition is completely in keeping with the extremely absurd relationships of a bourgeois society.'"

If a person's nature is equal to the sum total of his or her personal relationships, how is it that personal relationships may not allow a person to become a person? And why do people want to change society, thereby repudiating their own natures?

It seems that further clarifications of Marx's view is needed.

Marx's view can be found in the sixth article of "On Ludwig Feuerbach's Outline," the original wording of which is as follows: "A person's nature is not an abstraction inherent in an individual. *In reality*, it is the sum of all social relationships. (Italics added.) This is to say that a person's nature is realized through the sum total of his or her social relationships, or alternatively that the sum total of social relationships are expressed in a person's nature." The point to note is that Marx went on to say that Feuerbach did not "make a critique of this real nature," meaning that Feuerbach did not critique the social relationships. This sentence is very important, but people ignored it in the past; consequently, a full understanding of Marx's meaning was impossible. We can relate this to the fourth article in "On Ludwig Feuerbach's Outline." Here Marx pointed out that Feuerbach only critiqued religious alienation, capsulizing religion as its secular foundation. He did not see the contradictions in the secular foundation itself, nor did he see that this secular foundation itself should be criticized and transformed through revolutionary practice. This was something that Marx particularly emphasized.

So does this secular foundation or social relationships that should be criticized and changed represent a person's nature? What is meant by so-called secular foundation or social relationship "contradiction?" The text of "On Ludwig Feuerbach's Outline" is too simple. We will have to understand Marx's concept from some other source.

People generally suppose that it was in "On Ludwig Feuerbach's Outline" of 1845 that Marx first espoused the thesis that a person's nature is the sum total of his or her social relationships. Actually, Marx remarked on this point many times previous to this, and he spoke about it in greater detail. A reading of these dissertations helps us better understand. In the 1844 "Excerpts From James Miller's 'Political and Economic Principles,'" Marx wrote, "Since one's nature is a person's true social link, in the process of actively realizing one's nature, a person creates and produces social links and a social nature." However, Marx also said, "Were a person not to recognize himself or herself as being a person, and thus not organize the world in a human manner, this social link would be manifested in alienated form. This is because the main component of this social link, namely man, would himself be an alienated being." Under these circumstances, the "link that binds him to the nature of others would show up as a non-natural link," and "the actualization of his nature would be manifested in the loss of reality in his life."

Marx's meaning is very clear: "A person's true social link" is the realization or the actualization of a person's nature; however, not all social relationships possess this nature; social relationships may also be at variance with a person's nature. Such alienated social relationships are not only not the realization of a person's nature, but also cause a person's nature to lose reality, and make a person unable to become a person.

Marx described people's plight in capitalist relationships as follows: "The propertied class and the proletariat are both alienations;" however, the propertied class feels content in this alienation, supposing this to be proof of its greatness. To all outward appearances, it still leads a human life. The proletariat, on the other hand, feels itself left out and exterminated by this alienation, and it realizes "the reality of its own powerlessness and non-human existence." "Under the conditions in which the proletariat lives, all the living conditions in modern society reach the ultimate in running counter to being human," and "as proletarians, people lose their identity."

This is a conflict between "being" and "nature," and a conflict between man's social being and nature.

Feuerbach used the alienation of people's nature to explain religion. He did not realize that "man is not something that abstractly dwells outside the world." "Man means a person's world; it means his or her country and society. When a country or a society produces religion, the concept of the world is turned upside down, because religion is itself an inverted world." "Religion turns man's nature into an illusionary reality, because man's nature has no true reality." Feuerbach only made a critique of paradise, but Marx maintained it was also necessary to critique the mortal world as well, i.e., to critique of social being or social relationships.

The divergence between Marx (as well as Engels) and Feuerbach was on this point. Feuerbach maintained that "being is an affirmation of one's nature. Whatever my nature is, so is my being." He used the relationship between fish and water to explain that one's nature is inseparable from one's being. Marx and Engels retorted by asking what if the water is polluted? What if the water changes so that fish can no longer live in it? Although Feuerbach acknowledged that a person's being might sometimes be separate from a person's nature, he maintained that this was only an abnormality and a misfortune; it was a situation one had to accept with resignation. By contrast, Marx and Engels emphasized that should tens of millions of the proletariat be fundamentally dissatisfied with their living conditions, and should there "being" be completely inconsistent with their "natures," they should "reconcile their 'being' with their 'nature' in practice, that is through revolution."

Feuerbach's critique of religion was capsulized in the proposition that "a person is the essence of man," however, the conclusion he reached was man's love for man. Conversely, Marx extrapolated the conclusion of revolution from this proposition: "All relationships that turn man into a thing to be humiliated, enslaved, abandoned, and despised must be overthrown." This was just a way station for Marx.

#### Free People and Alienated People; Abstract People and Concrete People

Inasmuch as people's natures are not equivalent to concrete social relationships, just what is a person's nature? It is conscious dynamism; it is freedom. All of the characteristics of a species, and the generic characteristics of a species, stem from the nature of its vital activity, and man's generic characteristic is free conscious activity. "The fundamental form of this activity is socially productive labor. When people form certain social relationships, and transform the world, realize their own goals, satisfy their own needs, and develop their own potential through labor, they realize freedom. Labor separates man from animals, but not all labor expresses a person's nature. Likewise, it is only in society that man can realize his own nature, which is freedom; however, not all social relationships are realizations of a person's nature. Both labor and social relations may become alienated, causing a person to be separated from his nature, causing him or her to sink into a lack of freedom, and causing him or her to become non-human."

I do not agree with Jean Paul Sartre's statement that when a person is born, he or she is only a stark naked "being," and that only later does he or she decide his or her own nature through free choice. Why can't animals freely select their own nature? Clearly "free choice," as it is used here, is a thing that distinguishes men from animals; it is something that is part of the nature of man. However, initially, a person's nature is only latent; only through practice over time can it be realized step by step.

"When man first separated from animals, in all essentials, he was no freer than animals with their instincts. Culturally, however, each advance was a step in the direction of freedom." This was a tortuous process. A person cannot create history to conform to his own desires. The realization of his nature depends on his continuation of the productivity, the wealth, and the forms of social intercourse of the previous generation. In the process of winning freedom, he may fall into a new lack of freedom or alienation. The greater a person's freedom, the greater his distance from the animals. Only upon reaching a communist society will mankind bring to a close the history of his former stage, enter a condition of being genuinely man, become genuinely the master of nature, society and himself, and become a complete man, a free man.

We believe that people are the starting point for historical materialism, and also the starting point for all Marxism. Those who criticize us say that social relationships are the starting point for Marxism.. We responded on this point in a previous article. Now we will make a further examination of our critics' argument.

Hu Qiaomu [5170 0829 2606] said "The basic methodological principle for the historical materialistic observation and solution of human problems is to proceed from certain social relationships to explain man, human nature, and a person's nature, etc. It is not the opposite, that is it is not to explain society by starting with abstract man, human nature, and a person's nature, etc. Society cannot be explained by beginning with abstract man, nor have we done so. However, is it possible to explain human feelings and human nature by beginning with certain social relationships? No, it is not. Such attempts contravene Marxism." "First, one has to study human nature in general, and then study changes in human nature that have taken place in each period of history." Marx said this in criticizing Jeremy Bentham. Bentham did not understand at all human nature in general. In his view, "man" was a sordid bourgeois merchant. Very obviously, if one "proceeds from certain social relationships," to explain human nature in general, that will mean taking human nature that has changed or that has become alienated as original human nature.

Let us examine how Hu Qiaomu used certain social relationships to explain people's natures. He cited Marx's criticism of Pierre Prud'hon. Prud'hon said, "In a social sense, neither slaves nor citizens exist; both are people." Marx's criticism was that the situation was just the other way around: "It is only outside society that they are people. They are slaves or citizens according to a formula for social existence in which this person is A and that person is B." Does this explain a person's nature or human nature? A certain formula for social existence only explains that a certain person is a slave; it cannot explain the person's nature. Slaves are only people in a context other than a social one. This shows that they are

not people within society, and it shows that social relationships in a slave system are a negation of a person's nature and a contravention of human nature.

Marx also said that capitalists and hired workers "are nothing more than embodiments and personifications of capital and of hired labor; they are a certain kind of social characteristic that attaches to people through the production process, and they are products of these certain social relationships." These words were also used by Hu Qiaomu to validate his point of view.

In speaking about capitalists, Marx frequently said "capital" instead of capitalist, and in speaking about hired laborers, he frequently said "hired labor" instead of hired laborers. In the foreword to the first edition of "Das Kapital," he said, "The people dealt with here are only personifications of an economic category; they are the bearers of certain class relationships and interests." However, the terming of people as the personification of a certain category is nothing more than the "showing off of Hegel's particular descriptive style" as Marx himself acknowledged.

Real, concrete people most certainly are not "just" the personification of an economic category. As Marx said, "concrete means concrete because it is the synthesis of many formulations; thus it is the unity of diversity." Concrete people are a totality. When economic relationships are extracted from this totality, other aspects being left behind, an abstraction results. Economics needs such abstractions, for without them, research could not be conducted. We should not mistakenly suppose that just because Marx emphasized the study of real people that he would not make such abstractions. When Marx used people as personifications of economic categories in his economic studies, these people were alienated people and abstract people. The capitalists and workers in "Das Kapital" are this kind of people. Marx made this clear.

So, do such abstractions exist only in scientific thought that is not related to reality? Not at all. In a certain sense, such abstractions also occur in real life. For example, capitalists regard laborers only as laborers and purely as tools for earning money; they do not view them as people. This is what Marx meant when he spoke about the "abstract existence of people who serve only as workers." In addition, capitalists only regard themselves as capitalists in an abstract sense. "Only when he is a property owner does he regard himself as a person." Therefore, anyone who wants to destroy them as capitalists destroys them as people. "They cannot imagine having a socialist system in which such people would no longer be property owners."

Marx advocated the use of social being to explain social consciousness. He also used economic relationships to explain people's class status, and he used historical changes to explain changes in human nature. However, he never used social relationships as the starting point for explaining a person's nature. A person's nature and

inherent general qualities are identical in various different kinds of societies. This is no more a contradiction than to say that human nature changes in the course of history. If one maintains that specific social relationships may be used to explain a person's nature, that is to maintain (in a class society) that a person's nature is the same thing as his class, and it is to maintain that people having different social relationships do not have common personal attributes. Such a view is completely untenable.

#### Human Nature Is Not a Purely Passive Element in History

To proceed from the mistaken understanding that "a person's nature is the sum of his or her personal relationships," regarding human nature and class nature relationships as usual and special relationships rooted in particularity, human nature thus being rooted in class nature; and to deny a human nature that transcends class, maintaining that a human nature that transcends class is an abstract human nature—such a human nature cannot exist. Such a concept dominated our theoretical world and our literary world for the past several decades. Discussions about human nature carried on during the late 1970's and the early 1980's clarified the point that human nature is not the same as class nature. Nevertheless, numerous problems have yet to be thoroughly discussed. In discussions during recent years about literary perception, the following problem has been encountered: If social relationships are a person's nature, and if a person's nature is determined by social relationships, how can one explain a person's perception?

I discoursed on this problem earlier, so now permit me to add a little.

To regard a person's nature as being determined by the influence of certain social relationships, and then go on to assume that it is entirely possible to proceed from the latter to explain the former is not fundamentally different from the view espoused by French materialists during the 18th century who maintained that "man is a product of his environment." The environment to which French materialists referred was mostly the social environment, except that they did not regard economic relationships as its foundation. A popular view holds that with the addition of either the phrase, "man reacts on the environment," or "man can also change the environment," makes this view correct. However, every generation encounters the set social relationships left them by the previous generation. They have no choice in this. If these relationships determine their personal natures, then what is the use of talking about changing social relationships? Where will the impetus for changing social relationships come from? Some may answer: This is because production relationships restrain productivity. However, people are the most important element in productivity; whatever restrains productivity restrains people. If their nature is decided by production relationships, how can they feel such restraint?

The crux of the issue is not having looked at people as subjects, and not realizing that people are also subjects. So long as we regard people's natures as being completely influenced by social relationships, it is impossible to see people as subjects.

Why do capital socialist relationships and the social position of the proletariat arouse the ire and resistance of workers? This cannot be explained in terms of the social relationships alone; one must also look at the conflict between these relationships and human nature. "The reason that righteous indignation is bound to be engendered in this class is that they are in conflict with human nature, and they represent a way of life that openly, categorically, and completely runs counter to human nature."

We might also look at Engels' thesis. In his, "The State of the British Working Class," while discussing the inhuman conditions in which laborers worked, he said that the workers could take one of two roads. They could either resign themselves to their fate, and thereby become animals, or they could resist to "defend their own human dignity." Engels also said that "the workers had no other way to express their feelings aside from carrying on resistance to improve their own circumstances; so naturally the workers should certainly highlight their most moving, most noble, and most appealing characteristics in the course of this resistance."

It is worth noting that we have termed both resistance and revolution workers class nature, while Engels termed them human nature, and this human nature is expressed in resistance to social relationships.

Only when we understand a person's nature as being conscious dynamism, and understand it as being freedom can we understand human perception, and can we fairly well explain the correlation between people and social relationships. Of course, we talked in the foregoing about a person's nature being realized step by step in a tortuous historical process, and historical conditions being necessary to gain freedom. At first, the production relationships or forms of intercourse that people build are in response to social productivity, and are in response to the level of human development. It is only later that a change occurs. "What are conditions for spontaneous action, at first, turn into shackles later on," and it is only then that people feel hampered, and make demands and take action to bring about change. Thus, the old forms of intercourse that became shackles are adapted to fairly developed productivity, and consequently they are also adapted to become new modes of intercourse for more advanced individual voluntary types of activity. This is "the history of productivity, and thus it is also the history of the development of personal strength."

The use of an abstract concept of "man" in place of real people, and supposing that the historical process can be deduced from "a person's nature" was the pointless

speculation or philosophical nonsense of German "genuine socialists." On the other hand, for one to suppose that human nature and a person's nature are unable to play an initiating role in history is also erroneous.

### Self Loss and Awakening

Let us now return to Nora. The female that Ibsen portrayed is a new kind of person; she is an individual possessed of an independent spirit or subjective will. Engels said that the petit bourgeoisie in Norway are more genuine people than the residents of small cities in Germany, and that this is also true for petit bourgeois Norwegian women. So-called "genuine people" does not mean their original state but rather what has resulted from development. Such individuals could not have been produced in a previous historical period. Marx pointed out that the more we go back into history, the less independent and the more subordinate to the group the individual. At first the individual was subordinate to family and clan, and later on he became subordinate to various forms of communes. It has only been since the 16th century, when the foundation was laid that saw the rise of mature urban societies during the 18th century, that autonomous individuals appeared, and this also set the stage for the Robinson Crusoe story. These new people are both products of the disintegration of feudal society, and also products of newly emerging productivity. Moreover, the age that gave birth to these independent individuals was an age of unprecedented development of social relationships; it was also an age that produced a universal exchange of commodities, and widespread social contacts, namely the capitalist age.

Marx divided the history of society into three major modes in terms of man's development. The first mode corresponds to the previous capitalist stage (the clan family system), the slave system, and the feudal system.) It was characterized by "people's dependent relationships," that is, natural blood relationships and subordination to rulers. The second mode was characterized by "human independence based on reliance on materials." This corresponds to the capitalist stage. The third mode will be entered only after a communist society has been achieved, namely "free individuality founded on full development of the individual and their joint social production capacity becoming their social wealth."

The figure of Nora appeared during the stage of transition from the first mode to the second mode, namely a change from personally dependent to independent individuals. Human awakening began in the person of Nora. She realized that there should be equality among people, and that each individual should have an independent personality and perception, and a free will. This could not but clash with the traditional view of women as chattels. From the traditional standpoint, Helmer was an irreproachable law abiding citizen, and a most proper

husband. No wonder that when this play was first presented, "the upper-class" caused a hullabaloo, and raised serious objections to the play's ending.

The classic female figure in the first social mode may be found in Olenka in Chekhov's novel, "The Darling." She was first married to the director of a theatrical troupe. During that period, she frequently told her friends that the most wonderful and most indispensable thing in the world was the theater, and that the theater cultured people, but today's audiences do not understand this; they only like to see silly plays. These were entirely her husband's words. Later on, she married the manager of a lumberyard after which her interests and topics of conversation changed. She talked about lumber all day long, feeling that this was the most important thing in life. She disdained the theater, because her present husband did not like to see plays. After the second husband died, she took up with a veterinary, and then she discussed cattle plague and slaughterhouses all the time. The third man left her, and Olenka had to live alone. She became old and indifferent to everything around her. She had no hope, and worst of all, she had no opinions; her brain was empty. Finally, she took a child to bring up. She became young again, and jabbered incessantly about school classes, bad teachers, and difficult examinations... Everything she said was what the child said.

People require love. They have to love others and be loved by others. This is a natural instinct. For people to allow the objects of their love to take over their self is also normal. The problem lay in Olenka's incurably dependent personality. Olenka had no self of her own. She had to use other people's self for her own self. Whomever she loved became her self. Whenever she lost a love, she had no self. She had no independent personality; her personality depended on others. Where Nora felt she was a person only when not subordinate to a husband, Olenka felt she was a person only when she was dependent on a husband (not only dependent for a living, but also personality dependent). Were Olenka to be put in Nora's position, she would certainly be happy to be a "clay doll wife," and she certainly would not leave home. Even if her husband abused her unjustly, she would feel the fault was her own, and that her husband was always right. Personal perception had never awakened in her person.

Nora sensed that she had become alienated and rose in resistance, while Olenka sank deeply into alienation but without sensing that she was an alienated person. Through resistance, Nora was able to safeguard her dignity and independence, and demonstrate her perception. Engels would have been right in saying that Nora was a "genuine person."

### Does Confucian Doctrine Awaken Self-Awareness

On the question of "what is man," philosophy offers a different answer in different times.

From the standpoint of China's Confucianists, Nora's abandonment of family not only did not show that she was determined to become a person, but rather proved that she had changed into a non-human. According to Mencius, the difference between humans and animals lies only in human's having moral principles and virtue. "A natural bond should exist between father and son; righteousness is the relationship that should exist between the prince and his ministers; a distinction should exist between husband and wife; precedence should be maintained between seniors and juniors; and trust should exist between friends." These are the things that make people human; they are rooted in the natural order. "The constant virtues of love, justice, propriety, and wisdom are not acquired but are inherent in us." Whoever abandons these doctrinal relationships does not deserve to be termed man. "The philosopher Yang [Chu] stressed reliance on self and held no loyalty to the emperor; the philosopher Mozi stressed love without distinction, and thus neglected the special bond with one's father. Those without bonds to father and emperor are beasts."

Confucian thought arose during the second mode of society. As was said previously, this society was characterized by interpersonal dependency relationships founded on kinship and social hierarchy. Confucian thinking was suited to such a social ideology, and served the politics and economics of this kind of society. Confucianists regarded such a social order of personal dependence as being rational for all eternity, and consistent with the needs of human nature. They also made accommodation to this social order a human ideal, and a realization of human nature. The key categories in Confucian philosophy are "propriety" and "love." Li Zehou [2621 3419 0624] pointed out that "propriety" is based on kinship, and a clan ruling system characterized by hierarchy is an interpersonal extrinsic norm. In espousing "love," Confucius released "propriety" from being a purely extrinsic standard to become an intrinsic requirement of the human heart, elevating the formerly rigid compulsory standards to conscious doctrines for daily life. "Thus, there was to be an inevitable emphasis on human sociability and association, and an emphasis on precedence and distinctions within clans, respect for the relative ranking of seniors and juniors, for unity, mutual assistance, and coordination."

Li Zehou valued this very highly. He held that "love" emphasized the "dynamism and independence of the individual personality," was an awakening of human tribal consciousness, i.e., self-awareness, and it "made people aware of their individual position, value, and significance." It was Confucius' tremendous contribution to the Chinese race. This is not convincing. Where is the "individual position?" "Emperors, ministers, fathers, sons," this is the position of each person. It is all arranged; it is not personally selected nor does it brook change. This position cancels out individual independence, and obliterates individual value and significance. It affirms a prior unequal relationship among people. If

the Confucianists did not deny that females are also human, they certainly did not acknowledge women and men to be equally human. Women had to accept this unequal fate after which they could expect to be recognized as being human. Unequal equates to unfree. If freedom and free will is a human tribal characteristic; then how can no free will with regard to freedom be called human tribal free will? To regard this as the awakening of self awareness, is to affirm the alienation of people as a state that should exist. Confucius not only did not emancipate people from external autocratic rule; on the contrary, he shackled people's souls. "Deny self to revive propriety and to evoke love." The process of nurturing morality requires constant "efforts on the inner self," suppressing all the human wants and desires that are not in keeping with the prevailing system, changing ones own nature to conform completely to the needs of the existing system. This process is not easy. Even Confucius was 70 years old before he "did not transgress what is right by following the desires of the mind." For others, it would be even more difficult.

People do not have to become atomic individuals; people must take part in society and submit to a certain social order and doctrinal precepts. However, they cannot regard this social order and these doctrinal precepts as being reasonable for all eternity. Confucius only knew about "denial of self to revive propriety," but modern Chinese have to "deny propriety in order to revive self." This is a destruction of the old feudal order and old doctrines, and the establishment of human assertiveness and independence, the emancipation of individual identity, the affirmation of human rights, and the building of a new order and new doctrines.

We do not condemn Confucius for not having espoused the value concepts of freedom and equality; such a condemnation would be a historical anachronism. We simply maintain that it is necessary to appraise Confucius' teachings from a contemporary standpoint.

#### **Alienation Should Be a Main Theme in Contemporary Literature**

Nearly 40 years ago, a revolution led by the Communist Party of China overthrew Kuomintang rule and established the People's Republic of China. During these several decades, tremendous changes have occurred in both rural villages and cities; nevertheless, interpersonal dependency relationships remain universal. This is not the dependence of feudal society. The dependence of lower levels on higher levels has changed to the dependence of individuals on the organization, and the people's dependence on the state. The "large common pot" and the "iron rice bowl" are manifestations of this dependence in the economic realm. The high concentration of authority in the central government, and the use of administrative methods to lead production aid and abet this human dependence. Peasants who have farmed for their entire lives have become unable to farm. What they should grow, how much they should grow, when

they should sow, when they should water, when they should fertilize, and when they should weed are all matters about which they must listen to the secretary of the county CPC committee. Even when they are given stupid guidance, they can only obey. College graduate work assignments are decided by the organization. Once they enter a unit, they become "public personages." Their housing, wages, medical treatment, transfers, and promotions all depend on the organization. "Reliance on the organization" is encouraged, and "individual struggle" is sternly criticized. The state has very great resources; it is though it can look after the clothing, food, housing, travel, birth, aging, illness, and sickness of all staff members and workers. In such a society in which administrative authority is accorded greatest respect, a person's value is frequently judged in terms of rank, or even an "official position" society may come about. The advantage of such a form of society is that most people have a feeling of security that their basic needs will be insured, but it lacks vitality, and it is unable to stimulate people's innovation and creativity. During periods when the cult of the individual flourishes, people's assertiveness and independence is even more discredited.

It has been only during the past decade that a fundamental change has occurred in this situation. This is the result of reform, loosening of restrictions, and enlivening, and it is the result of the development of a commodity economy. We are now in the primary stage of socialism. In terms of the three major modes of society, we are in a period of transition from the first social mode to the second social mode. This period requires independent individuals, and it also creates independent individuals. It is for this reason that humanitarianism and human assertiveness issues receive wide attention.

Humanitarian theories and literature should awaken people's subjective consciousness. We approve the "literary perception" that Liu Zaifu [0491 0375 1788] espouses, and we have said that this is a breakthrough. Nevertheless, there are some specific formulations that require further discussion. People's perception can only be developed by themselves; others cannot bestow it. This is also the case with the characters that a writer creates. It is for this reason that I feel that Liu Zaifu formulation about the "bestowal" of perception on those being described is imprecise. This formulation means "to regard people as people—to regard characters as independent individuals who are living beings possessing independent awareness and personal value, and acting in accordance with their own souls and actions as practical people rather than as toys or statues manipulated by others." This is a fine purpose, and it focuses on a shortcoming in literary creation talked about for many years. However, I feel there is yet another important problem that has not been addressed, namely what is to be done if people in real situations are not regarded as people, if they turn into people lacking individualism and independent awareness, and if they become toys that anyone cannot manipulate without their knowing it, or even willingly play the part of docile tools? I believe that

under these circumstances, an author should not imbue these characters with perception, but rather he should realistically describe how their human nature was suppressed and distorted, and portray an alienated image of the characters, this portrayal conveying a criticism of and resistance to alienation in order to awaken people's subjective awareness.

Possibly the first successful portrayal of alienation in literature during the new age was "The Group Director" by Liu Xinwu [0491 1800 2976.] In this novel, Xie Huimin's image is not a new one; we frequently see such people both in literary works and in real life. However, in previous literary works, such people were regarded as avant-garde so they did not leave a lasting impression, but Liu Xinwu portrayed Xie Huimin as an alienated person. The difference lies here, and the place in which the novel moves people also lies here.

Xie Huimin is an alienated person, but she positively will not admit it; on the contrary, she believes herself to be a steadfast revolutionary who is striving to do what she should do, and she is proud of it. Xie Huimin does not know Xie Huimin, but the author knows Xie Huimin. The author knows that people should have perception; consequently, he is able to handle Xie Huimin critically. Xie Huimin has become alienated without being aware of it. Borrowing the words of the nun Maria in Marx's commentary "Paris' Secret," the author says that she "regards everything in a person that is consistent with human nature as perverse, while regarding everything in person that goes against human nature as being genuine."

Xie Huimin actually has no individuality; she is really a docile tool, but she has consciously and willingly become this way, which is more frightening than had she been forced. People who are forced can resist; at least they can resist within their hearts, but Xie Huimin's soul was shackled. She did not have to be forced. Had the writer of "Group Leader" bestowed perception on this character, allowing her to possess individuality, and allowing her to realize her own value, this novel would have been a failure. Likewise, the same might be said about the image of the leading character in Chekhov's novel, "The Darling." In "The Doll House," Nora was really a doll at the beginning, but it was because she became aware of it that she resisted, only then showing her perception. This was not bestowed on her by Ibsen.

I believe that solution to this problem requires that the principle of genuineness should be stressed. Respect for literary characters requires respect for genuineness. If the characters have perception, this perception should be described rather than stripped away. If they have lost their perception, then how they lost it should be described rather than confer it upon them. In the two foregoing situations, the author is adhering to genuineness. Not all genuine characters have perception, and not all characters who have perception are necessarily genuine. I previously discussed the former situation, and I can use

the heroic characters in "model plays" as an example of the latter. In a certain sense, one might not say that these characters lack perception, but rather that they lack a fullness of spirit and complexity as a result of which they lack genuineness. They are this way because their perception is "conferred" on them by the author; they are not real characters.

With development of the commodity economy, a rise in the people's standard of living, and development of independence in people, a phenomenon arises in which people become slaves to goods and money. This is also alienation, and it is the price that society pays for progress. Complete avoidance of alienation is impossible, but resistance to some alienation is necessary. People's loss of perception or people's alienation is, first of all, a real problem. Likewise, the reversion of human nature also has to be solved in real terms first. I recognize that the literary and art about which Liu Zaifu speaks can make people "get temporary firsthand experience in emancipation of the soul, which is firsthand experience in freedom;" however, when it comes to "restoring unfree people to freedom," and "restoring incomplete people to completeness," sole reliance on literature and art is not enough; one has to rely on historical practice to change reality.

#### Current Status of Wang Ruoshui

It was warmer than in 1988 at Jinghua during November, and Wang Ruoshui had just moved. He still lives in the RENMIN RIBAO compound, but he has more space than in the old residence. Wang Ruoshui and his wife, Feng Yuan [7458 1254], who is employed at RENMIN RIBAO have a fairly good reading and writing environment; no longer do the two have to share a single desk.

This "humanitarian" philosopher, who refused to withdraw from the Party during the anti-liberal campaign of the summer of 1988 only to have his name removed from the rolls, returned to publication during the summer of 1989. The first article, "Problems of Realism and the Theory of Reflection," was published in Shanghai WENHUI BAO (20 July and 9 August 1988).

Recently, Wang Ruoshui and several noted intellectuals cooperated in the collation of a collection of essays under the title, "New Enlightenment," in the hope of "exploring realistic theoretical problems from a high cultural level."

In October, Wang Ruoshui and his wife, Feng Yuan, traveled to Shanghai where they visited the old writer, Wang Ruowang, who was expelled from the Party at the outset of the anti-capitalist campaign. The two have stood together through thick and thin; their will has never flagged; and they have never ceased writing.

#### Frustration of Chinese Intellectuals Discussed

40050203 Hong Kong CHENG MING,  
[CONTENDING] in Chinese No 135, Jan 89 pp 21-23

[Article by Ouyang Minglang 2962 7122 2494 2597: "Intellectual Elites' Confusion and Cries of Dissatisfaction"]

[Text] Intellectuals on the Chinese mainland are more and more willing to speak out but are also growing increasingly dissatisfied with politics as they really are in China.

In a talk upon return from a recent trip to the United States, Yan Jiaqi [0917 1367 0366], who has resigned his directorship of the Institute of Political Science of the Chinese Academy of Social Sciences, started right off by saying that society is filled with disillusionment and that this is especially so among some intellectual elites, who go so far as to believe that reform has died in bed of old age. He believes that the corruption of the government and of the ruling party has caused dissatisfaction in every social circle and that this is the main cause of a passive pessimism that pervades the land.

#### From Unhealthy Tendencies to Corruption Across the Board

If in the Hu Yaobang era the CPC faced unhealthy tendencies within itself, then the Zhao Ziyang era has witnessed the complete corruption of the party: Unhealthy tendencies, in which individual party cadres quietly practiced graft, has developed into widespread, group and open corruption. The rampancy of "official profiteering" and the obstacles placed in the path of reform have changed the degeneration of the CPC from a quantitative to a qualitative decline and fully shown that the party stands opposed to the people.

This reveals two problems. First, that the CPC is unable to control itself. As an intraparty method of self-supervision and self-improvement, "party rectification" has proved a complete failure. The rectification campaign that began in 1984 not only accomplished absolutely nothing, it also led to the complete degeneration of the CPC's ranks today. Second, that the CPC's economic reform, bluntly put, has failed, and euphemistically put, has come to an end, for "consolidation" means stagnation or reversal, and all the political and economic reversals of both the Chinese and the Soviet Communists have been carried out under the name of "revolution" or "consolidation." Even if this is not the subjective case for the Chinese Communists this time, how can a party that is incapable of rectifying itself consolidate the nation?!

#### The Failure of Elitist Democracy

In the decisive struggle against the Whatever Faction and the fight for intellectual freedom 10 years ago, the goals of Chinese intellectuals were fairly consistent, namely, to

achieve freedom of thought and political democracy. Thus there occurred the "Beijing spring" democratic movement among the people and the "big debate" over whether "practice should be the sole criterion of truth" among officialdom.

Nevertheless, because intellectuals lacked maturity, the Chinese Communists manipulated the campaign for intellectual freedom, offered amnesty to moderate intellectuals, applied iron-fisted suppression to the hardline advocates of democracy (known as the champions of the democratic movement)—Wei Jingsheng [7614 0079 3932], Xu Wenli [1776 2429 4539], Wang Xizhe [3769 1585 0772], and the like. These pioneers of the Chinese democratic movement still languish in the CPC's dark dungeons.

The iron-fisted suppression drove even more intellectual elites into the CPC's theoretical ranks.

These moderates are divided into two types. The first is the democratic enlighteners, who are ardently dedicated to expansion of education and hope to improve the quality of all the people of the nation and to achieve democracy gradually and sequentially. The second type consists of those who join officialdom and who hope to rise therein, to effect elitist democracy, and to pressure and help the Chinese Communists implement reform.

These two types of intellectuals are clearly disillusioned with the Chinese Communists. As Yan Jiaqi put it, the corruption of the ruling party, the CPC, has disappointed these intellectuals. But their disillusionment with the CPC always precedes that of the people, and that is why intellectuals place special emphasis on demands for freedom, proof of which fact may find in the returned student movement of the last several years. Some people are not only disillusioned with but are beginning to move into opposition to the CPC. Examples of this are Hu Ping [5170 1627] and returned students who are committed to the organization of a new party.

As to the intellectuals who have joined officialdom, namely, the CPC's brain trustees, they originally hoped to employ official democracy (elitist democracy) to put pressure on the Chinese Communists, but in reality a number of these intellectuals have been corrupted and assimilated by CPC officialdom and thus rendered totally useless. Another group that has started to grow wary about the political campaigns over the past several years kept targeting intellectual elites for excision; even those who had been CPC official theorists (such as Wang Ruoshui [3769 5387 3055], Yu Haocheng [0060 3185 2052] and Li Honglin [2621 3163 2651]) have evinced this tendency, especially after the overthrow of Hu (Yaobang) and now, with the growing dark undercurrent against Zhao (Ziyang). Hu's brain trust has melted away, while Zhao's brain trustees are trying to pull strings to go abroad "for advanced education," sensing a strong premonition that they will "go down" with reform. Elitist democracy, which focused on the "democratization of

decision making" and caused quite a stir in 1986, ultimately proved ephemeral owing to a lack of institutional protection—as soon as reform hit a snag, this movement died of old age.

#### Intellectuals Will Not Cooperate

The brain trustees who threw in their lot with the Chinese Communists are now confused and hesitant. They cannot be as blunt as the "renegade" Hu Ping and as Wang Ruoshui, Fang Lizhi [2455 4539 1807] and Liu Binyan [0491 6333 7159], who have been expelled from the party; even less can they make breakthrough reform proposals. They thus have sunk into an inexpressible mental anguish, and each can seek only a way out for himself. With reform on the rocks and confidence and discipline dissipating, the Chinese Communists hope to rekindle the dream of 10 years ago and are once again beckoning to intellectuals. But how can intellectuals, who are jittery and have learned their lesson, lightly join hands and work together with the Chinese Communists to get through these hard times together? On 18 December, the Chinese Communists convened a theoretical symposium in Beijing, which they totally dominated and which managed to attract 400 participants. Yet Yan Jiaqi, who had participated in the famous theoretical symposium 10 years before but recently relinquished his directorship of the Institute of Political Science, declined to participate in this conference, as he had the Fifth Literature and Arts Congress, whose theme was "unity," a month before. Did Yan not have the time to participate, or did he have some other private reasons? Why did Zhao Ziyang have the time, but not Yan? This is certainly a sensitive issue.

#### The CPC's "Dominance" and "Capitalist Transformation"

With intellectuals refusing to cooperate and support hard to recover, the Chinese Communists have to try to pick up the pieces of reform by themselves. Deng Xiaoping has said that the party must exploit its traditional dominance. In other words, when the Central Committee issues an order, the entire party unifies its thought, and the entire nation goes into action as one. However, Deng Xiaoping has forgotten that this is the 1980s, not the era of Mao Zedong, not to mention the fact that most Chinese Communists have peasant backgrounds, are strongly influenced by small agricultural producer mentality, and thus do not have much cohesion. Even if the CPC's cadre basis is firm, after 10 years of "capitalist transformation" (such as going abroad, touring Hong Kong and Macao, and engaging in commerce), cadres were the first in the country to be "bourgeoisified." So where is the "traditional domination" of the CPC's "vanguard of the proletariat"??!

#### Wariness and Cries of Dissatisfaction

Over the past several months, Beijing intellectuals have held one meeting after another, such as the Public Lecture on Global Problems, which convened in late

August and was jointly sponsored by the SHIJIE JINGJI DAOBAO, the New Knowledge Society, the Beijing Social, Scientific, and Technological Development Institute, the 21st Century Academic Library, and the like; the second conference of the Scientific and Cultural Forum, which convened in the Great Hall of the People in September; the Conference Commemorating the 90th Anniversary of the 1898 Reform, which was held in early October; the Enterprise Culture Symposium, which convened in November; and so on. All the participants in these meetings were activist mainland intellectuals, such as Yu Guangyuan [0060 0342 6678], Yan Jiaqi, Wen Yuankai [3306 0337 0418], Ge Yang [2047 7122], Yu Haocheng, Zhang Zonghou [1728 1350 0634], Yuan Zhiming [6678 1807 2494], Li Shu [3680 3412], Li Honglin, Xia Yan [1115 5888], Dai Qing [2071 2532], Liu Xinwu [0491 1800 2976], and Shao Yanxiang [6730 3601 4382]. All of these intellectuals are worried about China's future, and many participants in the meetings spoke out boldly.

For example, at the Conference Commemorating the 90th Anniversary of the 1898 Reform, Yu Haocheng, a legal scholar, said that since the 19th CPSU Congress decided to build a monument to the people Stalin harmed and China has already acknowledged that her Stalinist model and feudalism form the major impediments to her advance, it is incomprehensible that Stalin's picture is still displayed and venerated in China. And Chen Xiaochuan [7115 1420 1557] of ZHONG-GUO QINGNIAN BAO said that Chinese ought to ask themselves whether they deserve a Tan Sitong. The "gawker" mentality for which Lu Xun once criticized Chinese still applies today, which means we do not deserve a Tan Sitong. At the second conference of the Scientific and Cultural Forum, Liu Xinwu also criticized the gawker mentality of intellectuals and urged them to abandon their disdain for politics, complaining, "Some intellectuals refuse to take the rostrum and speak, even though their status is already high. Associating with them gives one a strange feeling, for they are afraid to express their views on certain issues." And Dai Qing criticized the belief that "In reality, it is impossible to save the nation through science," adding that former British Prime Minister Churchill, who everybody knows made great contributions in World War II, was incredibly defeated in the election following the war. With tears streaming down his cheeks, the old man nonetheless said he was gratified that the British people had matured and no longer needed a hero to direct their or the world's affairs. Current conditions urgently require that the people mature, he concluded, and the key to this lies in intellectuals. Any place that tolerates free thinking intellectuals, he declared, will develop.

Many CPC theorists and propagandists are now openly or privately emphasizing that political reform should be given priority or at least the same status as economic reform. Such calls might seem bold and fresh but in fact are mere hindsight, fail to go beyond the demands raised by Wei Jingsheng 10 years ago, and merely demonstrate

that official theorists woke up only after reform hit a snag. If intellectuals had not had a "gawker" mentality, if they had not operated purely from hindsight, and if they had actively participated in the movement for political democracy, China's reform definitely would not have wilted on the vine as it has.

What is gratifying, though, is that Chinese intellectuals are now increasingly demanding democracy from the Chinese Communists. The Communists claim to be fighting for the liberation of all mankind and to be for the country, for the people, and for the truth. But their real lifeblood is the "four cardinal principles" and their core concern is power—things that cannot be touched.

#### Challenges to the CPC's Grab for Power

Recently, Chinese intellectuals have cleverly sidestepped the CPC's "four cardinal principles" and challenged its claim "to be for the country, for the people, and for the truth." In an article published in newspapers, Zhang Guangzhao [1728 1639 3564], a military theoretician who has always been overlooked by foreign media, stated, "Freedom must be unconditional for speech as well as for thought. Restricting freedom of speech means you fear the truth."

At the fourth meeting of the board of directors of the Writers Association, the renowned poet Shao Yanxiang said that fear of democracy, fear of the masses, and fear of intellectuals probably can only be said to represent political and moral degeneration.

At a public lecture, Yuan Zhiming, a doctoral student at the People's University, said that our goal is to revitalize China and to bring benefit to her people and asked, in the interest of these goals, what restrictive convention should we not break out of, what piece of burdensome baggage should we not jettison, and what experience should we not consult?

In an article entitled "Criticism and Democracy," Yang Yuqing [2799 3768 3237], adviser to the State Council, argued that no opinion is unacceptable if one is truly for the country.

We can determine what kind of party the CPC is by measuring it against the above questions raised by Chinese intellectuals. When the Chinese Communists first initiated their reforms, they found Wei Jingsheng's demand for political reform unacceptable and punished him for a crime (so the CPC is not for the country). The Communists have not been able to break out of the "four cardinal principles" straitjacket, to abandon the baggage of rigid Marxist-Leninist dogma, or to draw on capitalist democratic experience (so their goal is not to revitalize China or to bring benefit to the people). The Communists fear democracy and intellectuals (so they are politically and morally degenerate). And they restrict freedom of speech (so they fear the truth).

Clearly, the Chinese Communists are not really for the country, for the people, and for the truth at all. They fear the truth and are degenerating both politically and morally. These are irrefutable facts; otherwise, mainland intellectuals would not have openly, if tactfully, raised these issues.

#### **Is There Still a Way out for the Chinese Communists?**

The corrupt nature of the Chinese Communists is precisely the fundamental reason behind intellectuals' pessimism and disillusionment over China's future and the reason why intellectuals refuse to "join hands" and "work to get through these hard times together" with the CPC. Nevertheless, the four open challenges to the CPC mentioned above were finally raised, and these help us understand the conditions for cooperation that the intellectuals, after becoming wary, have presented to the

Communists—truly work for the nation and the people and carry out democratic reform.

Yan Jiaqi has said, "I would really like to write an article called 'What Is Patriotism?' The fatherland belongs to everyone, not to certain individuals." He believes that restrictions on democratic freedom have caused many people to distrust science, reason, and human intelligence and deprived them of independence, critical spirit, creativity, confidence, and hope. He also said that corruption is easy to solve. If democracy is implemented, if there is freedom of speech and of the press, and if there is *glasnost*, a system of supervision by society can be established that will truly and effectively check corruption.

These are very compelling words, and they make sense to most people. The problem is that the Chinese Communists do not have the courage, insight, and magnanimity to implement these ideas.

## NORTHWEST REGION

### Text of Resolution on Public Order for Xinjiang Autonomous Region

40050288b Urumqi XINJIANG RIBAO in Chinese  
27 Dec 88 p 2

[Article: "Autonomous Region People's Congress Standing Committee Resolution on Enhancing Public Security and Further Stabilizing Public Order; Passed 24 December 1988 by Fifth Session of Seventh People's Congress Standing Committee"]

[Text] The Fifth Session of the Xinjiang Uygur Autonomous Region Seventh People's Congress Standing Committee heard and discussed a report by the Autonomous Region People's Government on current public security activities and the public order situation. The committee felt that as a result of a sustained crackdown on criminal activity and a variety of exceptional administrative measures in recent years, the political situation and public order have essentially been stabilized in the autonomous region. The large number of cadre police on the public security front, especially those working at the grassroots level, have worked arduously to safeguard the autonomous region's socialist modernization. They have made significant contributions to this end and are held in high regard by the various nationalities, and the committee appreciates this. At the same time, the committee pointed out that many unsettling elements remain in society today which repeatedly give rise to incidents which endanger political stability, and that criminal activity which impacts on public order remains rampant. Public security organs at all levels must maintain sharp vigilance, work hard to safeguard political stability, continually step up the fight against serious criminal activity, and make new contributions in the areas of smoothly lifting restrictions in administration, consolidation and reform, and establishing a new order in the socialist commodity economy.

1. Public security organs at all levels must make the safeguarding of political stability their primary mission, and step up the fight on the covert front. They must overcome the careless tendency to underestimate the enemy, do more to detect and smash counterrevolutionary cases, actively investigate political rumors, handle volatile incidents promptly and properly, and consolidate and expand political stability and unity.

2. Continue to implement the legal policy of "the more important, the faster," and strongly combat serious criminal activity. We must, in accordance with the law, firmly punish such criminal activities as serious endangerment of personal safety, serious meddling with public and private financial affairs, and serious disruption of

public order. We must maintain normal public order, as well as order in production, work, education and scientific research, and the lives of the masses.

3. Enhancing comprehensive administration and managing public security is a complex social undertaking. The people's government at all levels in the autonomous region should make comprehensive administration a regular practice, conscientiously strengthen leadership, muster the various social forces, uniformly emphasize condominium, and jointly create a favorable social environment.

We must see through to the end our mission of disseminating knowledge of the law. The people's government at all levels in the autonomous region needs to muster its forces and see that efforts in this area are acceptable. Those areas and units which have yet to complete the mission must get on with the task as planned; those that are only going through the motions must make up the lessons they missed. We must institutionalize study of the legal system, and continually enhance the legal concepts held by the large number of cadres and the masses.

4. Public security efforts must carry forward the fine tradition of the mass line by organizing and working with the masses to combat behavior which would destroy public order. We must encourage and effectively protect citizens who bravely combat criminal activities. The various nationalities must actively support public security efforts, act in concert with public security organs, safeguard the interests of the state, and protect the legitimate rights and interests of the citizenry.

5. Strengthen the public security ranks and intensify public security reform. Reform of public security efforts should focus on strengthening the grassroots level, and increasing efficacy and the ability to cope with emergencies. We must vigorously restructure the public security cadre police training system and implement rigorous training through a multichannel and multilevel training network. In times of calm we must stringently teach the police to be honest and upright, educate them in vocational ethics, and devote major efforts to establishing a strong and effective public security contingent well versed in politics, professionalism and work style, and able to properly handle various complex public order matters and volatile incidents.

6. The people's government at all levels in the autonomous region must actively strengthen public security efforts in terms of funding and equipment. Above all it must ensure funds for handling cases, and at the same time, gradually and in a planned manner modernize the technology and equipment available to the public security organs, in line with local financial resources. At present we must improve as expeditiously as possible the public security organs' transportation and communications equipment and installations.

**Chang Chun-Hung's Perception of Taiwan-Mainland Relations**

40050210 Hong Kong CHIUSHIH NIENTAI  
in Chinese No 228, 1 Jan 89 pp 48-49

[Article by Li I 2621 1837]

[Excerpts] [Passage omitted] In an interview with this reporter, Chang Chun-hung [1728 0193 1347], the new secretary of the Democratic Progressive Party (DPP) commented that declarations on the unification of Taiwan and mainland China, and independence for Taiwan should be put aside. That is to say that mainland China refrain from or curtail any mention of unification, and Taiwan do likewise about independence, so as to ease tension and avoid a confrontation of different goals. After this, topics on which both sides can cooperate can be brought up.

A practical proposal offered by Chang Chun-hung suggests having Hong Kong, Singapore, Taiwan and the southeastern coastal provinces of China join together in a South China Sea Economic Community, and through economic cooperation, remove barriers to allow a natural mainland-Taiwan relationship of mutual benefits to develop. [passage omitted]

Chang Chun-hung who expressed this view had been imprisoned for eight years on account of the Mei-li Tao incident when he met with this reporter on 13 December. Chang Chun-hung is a fellow colleague. Before the Mei-li Tao incident, he was the editor of several publications: TA HSUE TSA CHIH [University Bulletin], TAIPEI CHENG LUN [Taipei Political Papers], MEI LI TAO [Beautiful Island], etc., an intellectual who had devoted much energy over a long period of time to promote democracy on Taiwan.

Chang feels there is no such group as a unification faction on Taiwan at present, only "independence factions." He says there are two such factions in the Kuomintang [KMT], and two in the DPP at present. While the two KMT factions are shouting loudly for "unification," they, in reality, are like Christian converts saying "amen" routinely, and a careful look at their political views show a conclusive independence. One faction does not want reform, only an independence maintaining the status quo, and preserving benefits already obtained. Another faction wants an independence that will promote democratic reform.

The two factions in the DPP are also for independence. One faction advocates political independence through revolutionary means negating the whole system; the other faction advocates political power through peaceful means, via democratic struggle and the ballot box.

There is no voice for unification in the DPP or the KMT, only some noise that has no impact. People in the present-day KMT calling for unification only wish to use

this slogan to maintain the legality of the present political power structure, not a call for true unification. During the last four decades, the KMT's pretext to holding power is the excuse that it is representing the whole of China in governing Taiwan. Such myth is no longer effective—like the snake's dead outer skin that must be shed before the snake can revitalize itself. Maintaining this myth is no longer an asset, but a definite liability for the KMT.

Chiang Chun-nan [3068 2504 0589] (an experienced journalist and publisher of HSIN HSIN WEN [NEW NEWS]), who also sat in on the interview, added to the conversation by commenting that those in the KMT in favor of unification consider it mostly from a mental and cultural perspective. They feel that the roots of Chinese culture should not be severed. This by no means suggests they favor unification of political systems.

Why is it that no voice is raised for unification among those in power, or among those out of power?

Chang Chun-hung thinks that the realities over the last 20 years show that once this question of unification is addressed at the ballot box, whether for electing delegates to the national assembly or for electing someone to local office, there is no hope for winning, for this question has no vote-getting power. This applies to candidates from the KMT as well. No candidate wanting to win electoral office dares call for unification. KMT candidates using this slogan are laughed off, and any DPP candidate doing the same is considered a madman. [passage omitted]

Why do people react to this unification slogan with such negative vehemence?

This is something for the Chinese Communists to think about, says Chang Chun-hung. According to him, his eight years in prison have made him think about it in depth. More than one-half of those imprisoned with him at the time were people who had been doing business secretly with the Chinese mainland, or they were selling mainland products under the counter, or they had returned from visiting relatives on the mainland, and upon their return were accused as in cahoots with the communists and thrown into prison. Most of these people on Taiwan are Nationalist Army veterans, old soldiers, or lowly city drifters whose low standard of living places them on society's fringe. One of the reasons these people risk going to the mainland is their poor quality of life here on Taiwan. Another reason is their situation on Taiwan which can make them accept life on the mainland or the idea of unification more readily, for after unification, their life situations may improve. However, Chang Chun-hung found that after they reached the mainland, these people were not willing to stay, but chose instead to return to Taiwan and set down roots. They realized the possibility of imprisonment upon

return to Taiwan, but they said that the Taiwan prison is a small one, whereas life on the mainland, even if it is an imprisonment, it is a large one.

If this is the thinking of people who had been to the mainland a few years ago, what is the reason for most people on Taiwan to feel so strongly against "unification"?

Chang Chun-hung says that among the opposition movements on Taiwan, theirs is the most moderate, but they feel strong pressure when fellow revolutionaries criticize them for their moderation, saying that moderation equates approval for unification, and pinning the label of "unification faction" on them. This represents a Taiwan independence faction, strongly anti-mainland Chinese, one of the uneasy groups who feel quite strongly against the China mainland ruling Taiwan. Even the possibility of approval for unification with accommodation is enough to arouse their fears and suspicion. This group has historical origins, formed after the February 28th incident. During the period of Japanese rule, it had tilted toward the Chinese mainland, but that quickly developed into a serious resistance after all hope was lost for the Chinese motherland. Chang Chun-hung says, "My father belonged to this generation, so I could understand their historical origin." [passage omitted]

Chiang Chun-nan added that there are also cultural and educational factors. For example, the native Taiwanese dialect was not allowed to be spoken in school, and outsiders from other provinces were not expected to learn to speak Taiwanese when they came to Taiwan, a practice that deprived people of their right to learn Taiwanese. In education, the geography and history textbooks are all oriented toward the China mainland, and many small children have been forced to memorize by rote the names of many places they had never been, and the dates of numerous historical periods. Conversely, history and geography of Taiwan were ignored. For many young pupils to memorize these useless place names and time frames has been a painful experience. This kind of education makes the people of Taiwan feel that Taiwan is not worthy of survival. This produces a reaction which leads to opposition toward "unification." Of course, there are others who have received this mainland-oriented education. The result is two opposite forces—for acceptance, and against acceptance, of this type of education.

Because of this reaction toward mainland-oriented culture and education, everybody now speaks Taiwanese. If a Taiwan native utters a few words in mandarin when he steps up to a podium to give a speech, his audience would instantly open up their soda pop bottles in a gesture of disapproval. Chang Chun-hung speaks perfect mandarin, so he is subject to much ridicule. The reason is that the Taiwanese consider most of those who speak perfect mandarin as aspirants for official posts with the KMT regime.

Chang Chun-hung says that if the Chinese Communists unify Taiwan right now, the move is definitely a liability, and not an asset for them.

However, should Taiwan continue to declare "independence," this must necessarily evoke some reaction from the Chinese Communists, otherwise no resolution of this matter, one way or other, is possible. Is this not a liability too for the Chinese Communists?

Chang Chun-hung says the best approach is for both sides not to mention anything—the Chinese Communists not to mention unification, and Taiwan not to mention independence. The more they do not mention these things, the closer will they approach a friendly relationship. Once these topics are brought up, their sensitivities and suspicions are again aroused.

Chang went on to say, "The more the Chinese Communists bring up unification, the more pressure it puts on our moderate faction, so that we cannot but come out strongly for independence. Otherwise, we would be in a very difficult situation."

The thinking of the Chinese Communists may be contrary to this. It is just because someone on Taiwan declares strongly for independence that the Chinese Communists must declare strongly for unification. If the Chinese Communists do not mention unification or do so only rarely, will the people on Taiwan refrain from mentioning independence, or do so only infrequently?

If the mainland Chinese do not mention unification, Chang Chun-hung believes Taiwan will come up with a corresponding response. When problems sensitive to both are not mentioned, wounds are likely to heal more readily and allow normal exchange. On the other hand, wounds may still heal under tense circumstances, but not without leaving a large scar. [passage omitted]

Then what is the final picture of relations between mainland China and Taiwan like?

Chang Chun-hung thinks it is not necessary to conjure up a picture of what it would be like ultimately. He personally feels that exchanges between both sides show a tendency to resemble the EEC. People on both sides of the Formosa Straits do not have the historical enmity that France and Germany had toward each other. Even so, France and Germany have been able to resolve this old enmity through economic exchange. If parties on both sides of the straits, particularly Taiwan and provinces along the southeastern coastline of the China mainland, can join with Hong Kong, Singapore, etc., to establish a South China Sea Economic Community, they can, through economic cooperation, evolve into a political community much like the present-day EEC. The EEC today resembles a federation which it will very likely become in another generation. Chang Chun-hung thinks such a coexistence model based on cooperation is an approach worth adopting.

But it is hard for contacts on both sides to avoid government interference. Otherwise, it would be like resolving some nonpolitical civil cases. Once the government enters the picture, will the fears and suspicions of people on Taiwan be aroused?

Chang Chun-hung feels that before the government enters the picture, Taiwan must first establish a representative government that will accept authority of an elected national assembly. Only in this manner, will the fears and suspicions of the people be allayed.

In summary, Chang feels that the first step to take in establishing a relationship between mainland China and Taiwan is to ease tension, by not mentioning unification or independence, nor requiring each other to give up anything (e.g., abandoning four "must" items). The second step calls for common consideration, in a friendly atmosphere, of actions that the two sides can take together. The South China Sea Economic Community is considered a workable concept.

Chang also mentioned that the various groups of Taiwanese overseas, found in America, Japan, and Europe,

constitute an important force. These groups are said to be found over half of the globe. After the economic community has been formed, it can extend and reach out on the strength of these Taiwanese groups overseas. Worldwide expansion of trade by local Taiwanese merchants is an asset for the Chinese mainland in its development of foreign markets. As long as this is not a provocation, this is an asset; otherwise it would become a liability.

Finally, Chang Chun-hung brought up the fable of the sea turtle. He said this magic animal can take one on a voyage over the four seas, or on a submerged visit to the dragon's palace in the deep. But once the turtle is killed for extra nourishment, one will be forever tied to the landlocked soil. Taiwan and Hong Kong represent the China mainland's sea turtle, whose usefulness was not widely explored during the K'ang-hsi [1662-1722] and Ch'ien-lung [1736-1795] dynasties. Now that China wants to adopt a policy of open-ness, let us see if the sea turtle will be wisely used, or killed for nourishment.